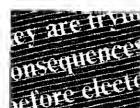




On top in Ottawa Canada gambles on Campbell



Re-inventing media Create a newspaper to your own design



A beached whale Why Romano Prodi may break up Italy's IRI



## FINANCIAL TIMES

#### Serb forces close in on Bosnian Moslem stronghold

Europe's Business Newspape

Bosnian Serb commanders pressing ahead with their offensive against Gorazde, eastern Bosnia, said their troops were just 150 metres from Moslem positions in the town, the last government stronghold in the once mostly Moslem east of the country. Radio messages from Gorazde appealed for outside intervention as Bosnian Serbs appeared ready to attack following their claims that Moslem fighters were "slaughtering bundreds of Serbs" in surrounding villages. Page 18

**Split at EBRD:** Divisions at the European Bank for Reconstruction and Development surfaced at an inconclusive day-long board meeting as audit committee chairman Claes de Neergaard opposed plans for an early shake-up in the manage ment structure. Page 8

Tokyo investment falls: Japanese overseas investment fell steeply last year, exacerbating economic difficulties in the US and other parts of the industrialised world. Page 4

Securities body delayed: The federal regulatory body to police the German securities industry is unlikely to be fully operational before 1995 or even 1996, it was disclosed yesterday.

Car sales drop in Europe: New car sales in western Europe fell to an estimated 973,000 last month, a drop of 17.9 per cent compared with May last year. In the first five months of 1993, more than 1m fewer new cars were sold in western Europe than in the same period a year before.

**UBS challenged:** Swiss financial securities investment company BK Vision has challenged new bylaws of Union Bank of Switzerland that allow the bank to raise capital without offering prior rights to shareholders. Page 19, Lex, Page 18

GPA cheaper than expected: GE Capital will be able to exercise its option to take control of the Irish aircraft leasing company GPA Group for under \$200m - \$100m less than expected according to a draft prospectus. Page 19

BET cuts dividend: UK business services company BET cut its final dividend after reporting annual pre-tax losses of £9.8m (\$15.1m) because of pressure for lower prices in its main markets. Page 19; Lex, Page 18; Details, Page 22

Timex chief quits: Peter Hall, president of Timex Electronics, the company in Dundee, Scotland, which is in dispute with its sacked workforce, resigned. Hopes of a settlement rose when resources in the US, agreed to meet union officials and leaders of the sacked workers. Page 9

Apple Computer is to cut prices further in the US. The move could spark another price war in the US personal computer industry, where prices have fallen nearly 50 per cent in the last 18 months. Page 21

Help for Lloyd's Names: More than a dozen Lloyd's syndicates are to postpone part or all of their calls for cash, softening the impact of record losses on the Names who provide the London insurance market's capital. Page 9

S Africa chemicals merger: South Africa's two biggest chemicals groups, AECI and Sasoi, are to merge some petrochemical and plastics interests to form a company with annual sales of more than R2.5bn (\$784m). Page 22

Japan supermarkets link up: Daiel, Japan's largest supermarket chain, will have outlets countrywide when it absorbs regional chains Chujit-

suya, Uneed Daiei and Daihana in March. Page 23 UK engineering companies hit: Engineering companies in Britain's West Midlands are suffering from softening demand in continental European

economies, a survey shows. The competitive advan-

Venables loses soccer job: Terry Venables, chief executive of Tottenham Hotspur football club, London, lost his High Court fight to stay in his job pending the hearing of his bid to buy out chairman Alan Sugar. Page 9

tage created by sterling's devaluation is being

diminished Page 10

EC bike reprieve: EC internal market ministers agreed a 100 brake horsepower limit for motorcycles registered in the Community after the end of next year. Member states will have the right to a five-year exemption from the rules - an option likely to be exercised by the UK. Page 2

Spy in the sky: The British army is to buy an airship for use in surveillance of Irish Republi-can Army guerrillas in Northern Ireland.

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## Volkswagen considers 'dream' car plant for Spain

By Christopher Parkes in Hanover

VOLKSWAGEN has started talks with a consortium of Spanish banks and industrial companies on plans to build a factory to make "the cheapest car in the

Mr José Ignacio Lopez de Arriortúa, the German gronp's production director, said yesterday: "We are now in a period of analysis. We should be able to have a very clear picture by 1995.

I am confident that we will have this dream plant."

The project for a plant in Mr Lopez's Basque homeland had been proposed to Seat, VW's Spanish subsidiary, by a consortium including Banco Bilbao Vizcaya, Banco Central Hispano, Spain's biggest electricity com-pany iberdrola and the Mondragon industrial co-operative.

Mr Lopez shrugged off warnings from General Motors, his former employer, that further legal action might follow if VW

want ahead with the project, which seems closely modelled on the so-called Plateau 6 idea he and his colleagues generated

while with the US group. "Plateau 6 is one concept. I am not telling you what our concept is," he said. "We live in a free continent, and we are all free to develop ideas and make goods which we consider best for markets. We will do so if we want and no one can tell us other-

believed to have offered to build a factory with capacity for up to 200,000 cars a year in Amorebieta, near Bilbao, to be operated by VW and bought from the consortium at some unspecified date

While Mr Lopez suggested in answer to questions that this was his ideal project, a separate written statement, attributed to Mr Lopez, said VW wanted only a "production laboratory" on a greenfield site to test revolutionary assembly methods under

real operating conditions.

Mr Ferdinand Piech, group

chairman, recently confirmed that VW needed a cheap, bottomend model, but the company would face severe political problems if it opened significant new capacity in Spain while cutting back output in Germany.

Capital investment plans for the vehicles business have been cut to around half the original planned level for this year - just DM6bn (\$3.7bn). One of the main victims of the squeeze has been a

Mr Lopez claimed he bad joined VW out of concern for Europe. "I don't want to see s disaster here like that in the US." be said in the US, "foreigners" had built up capacity for more than 3m cars a year and were shipping a further 1.4m vehicles annually, "putting US makers

European car industry faces crunch, Page 21

## **Europe told** to re-peg its currencies to D-Mark

By Peter Marsh, Economics Correspondent, in Basie

EUROPE must re-peg its currencies to the D-Mark to head off the growing problems of protectionist pressures, Mr Alex-andre Lamfalussy, general manager of the Bank for International Settlements, said yesterday.

Speaking after the Basle-based bank's annual meeting, Mr Lamfalussy said the present arrangement, in which Britain and Italy were no longer in the European exchange rate mechanism and the currencies of Sweden, Finland and Norway were floating, was "not sustainable in the longer term".

in a gloomy annual report, the BIS, owned by 32 central banks mainly in the industrialised world, said the gradual recovery under way in developed countries was unlikely to bring high unemployment down sharply.

The report highlighted difficulties caused by slow growth and high government deficits in many advanced nations, together with the "enormous" potential for conflict in the slow progress of Uruguay trade round talks. In linking the ERM turbulence of the past year with trade, Mr Lamfalussy was underlining how some nations in the ERM – nota-bly France – believed devalua-tion of the pound and lira

European nations by belping export competitiveness.

Mr Lamfalussy said devaluation of several European currencies in the past year could "cause problems" among their trading

enabled the UK and Italy to boost

growth at the expense of other

"If someone could prove to me

RIS annual report ■ Editorial Comment

that floating currencies are compatible with relatively stable real exchange rates then my argument wouldn't bold - but in the

The BIS said this year would see "further declines or at best a levelling out" in the economies in continental Europe, while signs of recovery in the US remained

past this hasn't happened," be

In unusually strong comments on those out of work, the bank said: "Especially in continental Europe, where 40-50 per cent of the unemployed have been without work for 12 months or more, unemployment constitutes a structural problem which cannot easily be resolved through faster output growth."

The report laid the blame for high unemployment on "high minimum wages and social taxes which raise labour costs, inflexible wage structures and real wages, restrictive work regulations and low labour mobility". It warned that "effective solutions become more difficult as time passes and the long-term unemployed progressively lose contact with the labour market".

In view of the wide gap between government spending and borrowing in many countries, the BIS said "very few" nations could boost economic activity by fiscal means. Only Ireland and Japan of the main developed countries were



## Bombs turn Somalis against UN

#### Leslie Crawford sees gratitude transformed to hatred in Mogadishu

THE CHARRED remains of a young boy, burnt beyond recognition, were all that was left behind yesterday after US bombers had pounded ammunitions dumps in Mogadishn for the

third night in a row. Wailing women said as many as nine peopls had been killed in the pre-dawn strike. For Somalis, the nightly raids bring back the nightmare of the savage civil war that destroyed their capital. The difference this time is that the attacks are coming from the foreign troops that were greeted with garlands of flowers and

songs when the United Nations lannched its hnmanitarian operation in Somalla last "First they brought us food. Now they are bringing weap-ons," a young man said. "We

fear they have come to kill us. The air attacks, which are aimed Continued on Page 18 ons stores of Somalia's most defiant wariord, General Mohamed Farah Aideed, have united the people of his south Mogadishu fieldom in hatred of the 12,000 UN troops stationed in the capi-

Even residents who bear the scars of Gen Aldeed's brutality say they must rally in defence of a man branded as a war criminal and a tyrant.

Yesterday was a day of mourning for the victims shot by Pakistani troops during a demonstration on Sunday. Heeding the call of Moslem prayers from loudspeaker vans, bundreds of families walked to a parade ground. They held their arms up to show the belicopters bovering overbead they were carrying no weapons. The helicopters fired

warning shots; the crowd would The swaying arms turned into clenched fists. From prayers, the volces curdled into angry slo-

gans against the US and the UN.

Helmets are being dnbbed 'Somalia's new warlords".

"Look bow they are behaving in our country," said Ms Quman Ahmed Gnrhar, incensed with rage. "We don't want the UN here. We are prepared to fight to save Aideed. He is our leader.

Continued on Page 20 Somali gummen accused of pro-voking Pakistani force, Page 6 Editorial Comment, Page 17

## Clinton chooses 'moderate' woman for Supreme Court

By Jurek Martin in Washington

PRESIDENT Bill Clinton yesterday ended a controversial three-month search for a new Supreme Court justice by nominating Judge Ruth Bader Ginsburg to the highest US bench.

If, as expected, she is con-firmed by the Senate, Judge Ginsburg, who is 60 and now at the federal appeals court based in Washington, will be the second woman to serve on the highest US court, joining Justice Sandra Day O'Connor. She will also be the first Jew to serve since Justice Abe Fortas resigned in 1969. Mr Clinton said be had selected

her because she was "progressive in outlook, wise in judgment and halanced and fair in her opinions". He praised her pioneering work for women's rights and was

burg in preference to Judge Stephen Breyer of Massachusetts and Mr Bruce Babbitt, the interior secretary. Her candidacy emerged only at the weekend after the widely tipped Judge Breyer was revealed not to have paid social security taxes on a part-time cleaning woman. Judge Ginsburg was appointed

to the federal bench by President Jimmy Carter in 1980 after several years as general counsel for the American Civil Liberties Union, which is generally associated with liberal political causes. As a judge on a circuit principally engaged with regulatory issues, she is now rated a moderate. She is credited, in a 1985 rul-ing, with having opened the US natural gas pipeline business to competitive forces.

She was recently praised as a potentially ideal Supreme Court

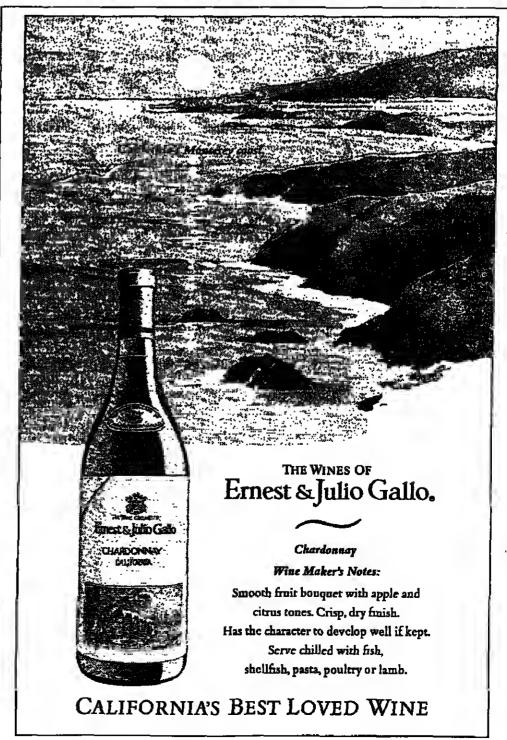
Some controversy attaches to a speech last year, in which Judge Ginsburg suggested that the court's 1973 landmark ruling, Roe Wade, which guarantees abortion rights, might have gone too far and "halted a political process that was moving in a reform direction and thereby, I believe, prolonged divisiveness

tive conservative voice.

This speech, say some lawyers, explains why she was not initially a favoured candidate for the seat being vacated by retiring Justice Byron White. But it has to be matched

against a consplcuous earlier record of her successful argument before the Supreme Court that the 14th Amendment to the Constitution, passed in 1868 and covering citizenship rights, also should serve as protection for

Mr Clinton chose	- Junge Gins- ocan	a, the court's most of		nitting jackpot, Page 8
ppeen News23 ppeen News23 practional News	Features   17   16   16   16   16   16   16   16	Crossword 33 Comparitos UK 28-28 Int. Cap Mids 24	FT World Actueries	London SE33 Well Street41-44 Bourses41,44 Survey Retail Chain



#### John Murray Brown puts the Moslem country's first female prime minister in her place

## Women's advance reflects a fast-changing Turkey

largest party of Mrs Tansu Ciller as party leader and the country's first woman prime minister was explained in one Ankara newspaper by the story that wives of the men who voted had threatened a collective withdrawal of conjugal rights if she did not win.

Mischievous perhaps - the news paper or the wives, depending on the truth - but the story illustrates the noint that there is a growing group of Turkish women asserting themselves in ways which to the outsider may seem at odds with Turkey's image as a conservative Moslem country. And Mrs Ciller is one such

She is unlikely to be quite as forthright as one of Turkey's most eminent woman professors who told a recent conference that "women's

But her advocacy of women's rights seems certain to occupy a high priority in her policy agenda as she starts her first day as Turkey's new leader. The 47-year-old UStrained economist, is already well-known for having a husband who took her maiden name.

Drop into her office in the new prime ministry and you are as likely to find a group of Turkish girl guides lobhying her support, as a mous-tachioed male adviser on the econ-

Turkey is changing dramatically, and women offer dramatic illustra-tion of those changes. Sociologists point out that the Turks were historically a matriarchal society.

Mustafa Kemal Ataturk, the country's founder, enshrined women's equal rights, gave them the vote in

Advocacy of women's rights seems certain to occupy a high priority on Ciller's policy agenda

1932 before much of Europe, banned the Moslem "chador" or veil, saw women elected to the new parliament, even sent a women's team to the 1936 Bertin Olympics. Women account for two in 5 physi-

cists and chemists; one in six lawyers, judges and public prosecutors; one in six doctors; one in 10 govern-ment administrators and one in 30 managers of private corporations.

In 1991, Turkey appointed its first woman provincial governor. Previously the feeble reason given to exclude women from the post was that governors were required to travel on horseback - something which was deemed unseemly and quite possibly dangsrous for a woman official.

By law women need their husbands' permission to work. Women are not allowed to remarry within a vear after a divorce. A number of municipalities have established safe houses to treat women battered by their husbands, still a widespread

But it is among the less-educated and particularly in rural areas where women face the greater uphill

WEST EUROPEAN NEW CAR REGISTRATIONS

struggle for their rights.

According to a study by the World Bank and the Erzurum University, women account for a 59 per cent of the labour force, a statistic reinforced by the briefest of contacts with the Turkish countryside where the sight of one man "herding" a

team of women in a field of chick-

peas is not unusual. Mrs Semra Ozal, wife of the late president Mr Turgut Ozal, did much to raise the profile of women. Her Daisies foundation travelled the countryside converting thousands of religious marriages into civil contracts, giving women equal rights in inheritance and claims on children in a divorce.

The junior partners in the coalition, the Social Democrats have sted a quota system in parlia-

BRITISH

embourg.

were more women in parliament in Ataturk's time than today where there are just eight deputies in the 450-member chamber. The strongest female representation is in the right-wing Motherland party, with four women members. Mrs Ciller's True Path party has two.

In the old coalition, Mrs Ciller was one of just two women ministers. Her former ministerial colleague, Mrs Guler Beri, a Social Democrat, was forced to resign, the only casualty of the coalition government, over allegations she purloined state funds allocated for a children's orphanage.

Today the only thing anyone remembers about Mrs fleri is that she succeeded in having a coiffure for women opened in the parliament

cycles, which it claims are sold

to a specialised market of

expert riders, and do not

reduce road safety in Europe.

The European Commission

has been asked to submit a

study of the safety record of the high-powered motorcycles

motorcycle manufacturer, is

one company which will bene-

fit from the exemption. It

hopes to produce nearly 7,000

motorcycles this year, but five of its eight models would be

illegal under the EC rules.

Even under the exemption Tri-

umph would be prevented from

exporting those machines to the rest of the EC after 1994.

EC cosmetics makers will

be banned from testing prod-

ucts on animals from January

1, 1998, if alternative methods

have been developed. Ministers

yesterday formally adopted a

directive on the free movement

of cosmetics, but without the

stricter amendments proposed by the European Parliament in

April, which would have ban-ned all animal tests from the

Triumph, the revitalised UK

by 1998.

**Britain wins EC** 

motorcycles

motorcycle

By Andrew Hill in Luxembourg

enthusiasts bave won a reprieve until the end of the

century from technical rules

which would ban the sale of high powered machines in the

EC internal market ministers

agreed yesterday on a 100

brake horsepower limit for motorcycles registered in the

1994, in spite of another large

and noisy demonstration by motorcycle enthusiasts in Lux-

But member states will have

the right to a five-year exemp-

tion from the rules. In practice, only the UK is likely to exer-cise that right. Other govern-

ments will not be able to pre-

vent the riding of machines np

to 125 brake horsepower, and

motorcycles registered before the deadline will escape the

restrictions, but EC countries

will be allowed to outlaw the

re-registration of high-powered

The UK has been vociferous

in defence of the large motor-

Calls for reform

of Community's

motorcycles after 1994.

European Community.

## EC replay for some golden oldies

By Andrew Hill in Luxembourg

DEAD POETS and ageing rock stars could receive an unexpected boost in royalty payments from mid-1995, under harmonised European Community copyright rules agreed

yesterday. EC internal market ministers agreed that books and films should enjoy copyright protection for 70 years after the author's death, while musical recordings will earn royalties for 50 years from the date the record was first published or

the performance broadcast. The deal - agreed by a majority in spite of opposition from the Irish, Luxemhourg, Dutch and Portuguese delegations - aims to end problems which could be caused by varying protection across the Com-

Without such a measure, certain governments were worried that publishers would escape paying royalties in high-protection member states by import-ing records or books from countries where protection was low or non-existent, taking

advantage of the barrier-free single market. But one side-effect of the new measure could be a temporary bonanza for performers and the heirs of authors for whom copyright protection has already expired in some parts

of the Community. For example, early Beatles recordings no longer earn royalties in Germany, which protects recordings for just 25 years. From July 1, 1997, however, the Beatles will again earn royalties on recordings and broadcasts of their early

songs, until the new 50-year period expires. The same rules will apply for books in Britain, which will have to extend copyright protection from 50 to 70 years after the author's death. That could mean a new royalties boom for the heirs of James Joyce and Virginia Woolf, for example. Copyright protection on their works expired last year, but will be renewed from 1995 until the 70-year deadline

However, the directive should protect publishers and recording companies which rushed out special editions to coincide with the end of copyright protection. A special clause says member states should take action to protect the "acquired rights and legitimate expectations" those who took advantage of the old, unbarmonised copyright

# new VAT system

in 2012.

THE European Community's valus added tax system is excessively compli-cated and costly and requires reform, Mr

Serge Foucher, director of finance and accounting for Sony Europa, sald yesterday. Mr Foucher told the Finan-cial Times international tax conference in London that the origin-based system introduced at the start of this year had proved a heavy administrative

"We feel penalised because we have set up as a European company," he said. He told delegates that Sony had been forced to register an additional 26 times in EC member states to comply with VAT regulations, and employ 200 extra staff to amend its systems to

the new requirements.

He called on the EC to require all countries to implement EC directives fully and consistently in place of the existing haphazard system, and to simplify the requirements for husiness transactions involving several different countries.

Sony's comments were sup-ported by Mr Peter Jenkins, head of the VAT practice at accountants Ernst & Young, who called the new system He said his clients comed of a lack of commercial

awareness on the part of EC officials, and difficulties for UK companies of negotiating with customs officials in other mem-The difficulties had been the

direct result of the "hybrid" transitional VAT arrangements introduced in advance of the proposed move to n destination-based system in 1997. The views were rejected by EC officials. Mr Peter Wilmott, director general of the customs and indirect taxation director in the EC Commission, called the abolition of customs controls at the end of last year "a

great achievemen He said work still needed to be done on an EC-wide system to exchange information for

He suggested that officials needed to consider amendments to the existing VAT rules for privatised husiness, financial services and services linked to goods such as repair work. He stressed that there was a very tight timetable if the destination-based system is to be introduced by 1997.

man of HM Customs & Excise, said she was very pleased that ish companies were now filing the monthly "Intrastat" statistical returns required.

mated £135m in net benefits to husiness last year of the new system, after one-off start up costs, was "not very far off the

#### **Super-union** for Romania

TWO OF Romania's largest trade unions have merged to form a single union with 3.7m members, one-third of the country's workforce, writes Virginia Marsh in Bucharest.
The ereation of the new mion, CNSLR-Fratia, follows a failed general strike last month when the unions disagreed.

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## Car sales plummet in western Europe

May's 17.9% decline means more than a million fewer vehicles sold in first five months of year

Motor Industry Correspondent

NEW car sales plunged by 17.9 per cent in west European last month to an estimated 973,000, the fifth successive month demand has fallen steeply from the corresponding period a

year ago.
in the first five months alone more than 1m fewer new cars have been sold in west Europe than in the same period a year ago. Sales dropped by 17.8 per industry estimates.

The sharp decline is increasing the strains between the **European Community and** Japan over the level of the latter's sales in Europe, The Japanese share of the west European market is estimated to have increased to 123 per cent in the first five months from 11.6 per cent in the same

period a year ago. Under intensified pressure from European carmakers, the European Commission has requested urgent talks with Tokyo before the August summer break, with a view to revising the present deal on Japanese exports to the EC this year. That was based on a forecast fall in the EC market

According to the industry, ew car sales both in May and in the first five months of the year were lower than a year ago in 15 of 17 west European markets. Higher sales were achieved only in Britain and

The decline is still accelerating in Italy where year-on-year sales fell 27.8 per cent in May and by 21.1 per cent in the first five months. In Germany, Europe's biggest market, they fell by an estimated 20.8 per cent last month to 284,000 from 358,000 a year ago. Corresponding figures for Spain and France were 20.5 and 12.1 per cent respectively.

Only Britain showed significant growth in May. New car sales rose there by 11.9 per cent, albeit from a very low level after three years of reces-

Most leading carmakers in Europe have been forced to introduce extensive short-time working and are cutting their workforces severely in the face of shrinking profits or mount-

Rover was the only one to increase sales volume in the first five months, with a rise of

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for cars and light commercial 8 per cent belped by ths vehicles of only 6.5 per cent. 8 per cent belped by the vehicles of only 6.5 per cent. its own strong performance in the German, French and Italian markets from a small base. Nissan is benefiting from rising production from its British and Spanish assembly plants, which is allowing it to increase its penetration of the protected southern European markets,

where direct imports from Japan are still limited by quo-The company's sales in Italy jumped by 78.9 per cent to 20,347 in the first five mouths, and fell in Spain by only 0.3 per cent despite a 31.2 per cent decline in the overall market.

Among the big six volume carmakers in Europe, General Motors (Opel/Vauxhall) and Ford have gained some ground helped by the launch of new models. Volkswagen and Fiat are losing market share.

Fiat group, which includes Lancia and Alfa Romeo as well as Ferrari and Maserati, has suffered a serious erosion of its market share from the late 1980s, when it captured 14.9 per cent in 1988 and 1989. That sbare fell in the first five months of this year to only 11.9 per cent from 125 per cent in the same period a year ago.

#### reprieve for big ary-May 1993 Share (%) Share (%) Jan-May 93 Jan-May 93 TOTAL MARKET 5.146.000 -17.3 100.0 100.0 MANUFACTURERS Volkswagen (Incl. Audi, SEAT&Skoda) General Motors (Opel/Vauchell, 871.000 17.5 -20.116.9 658,000 -15.0 12,8 631,000 -14.8-23.6 -21.2 Paugeot (incl. Citroen) Ford (Europe, 608,000 -18.711.6 120 600,000 -16.8 11.6 11.7 Ford Europe -169 -45 -173 -104 -172 +82 -15 -295 -232 -253 -172 -147 -125 5,000 539,000 180,000 167,000 0.1 10.5 3.2 3.2 2.1 2.3 3.2 2.0 1.6 1.3 BPAM. Massu MARKETS: -20.0 -21.1 +8.9 -18.5 1,454,000 926,000 725,000 693,000

## **Recession forces France** to trim interest rates

By David Buchan in Paris

FRANCE yesterday lowered a key official interest rate to combat deepening recession in the economy.

The Bank of France cut the

intervention rate, at which it meets most of the financing needs of French banks, from 7.5 to 7.25 per cent, and its 5-10 day repurchase rate from 8.5 to 8.25 per cent. The main commercial banks said they would cut their base rates from 8.8 to 8.6 per cent on Thursday. Last time the French author-

ities took the gamble of letting their rates fall below those of Germany - in October 1991 they had to raise them a month later. This time, however, the rate rednetions, which were welcomed Mr Hans Tietmeyer, depoty Bundesbank president, look likely to stick, with the franc staying strong inside the ERM yesterday.

Interest rates 10,0 Apr

In an interview before the

recession. He acknowledged the reversal in policy: "We came to power convinced of the need to cut taxes, only to find we had to do the opposite to save social program For his part, Mr Edouard Balladur, prims minister, pleaded yesterday for people to withold judgment on his jobs

#### and economic recovery programme until September because it could not produce any effects before then. Mr Sarkozy forecast the programme's first results would not be evident until early 1994. The government looks set later this week to revise its estimate of the contraction in estimate of the contraction in goods and services traded this year from 0.4 per cent to 0.8 per cent. However, it is press-ing on with its programme to privatise some 21 state compa-nies and to give the Bank of France autonomy in monetary, rolicy.

try to lift the economy out of

#### new rates were announced, Mr Nicolas Sarkozy, budget minister, said that, given this year's expected FF7317bn (£38bn) budget deficit, "there is no more room in the budget other than that we have already used" to

## Banks decide not to wait

By James Blitz, Economics Staff

was a further indication thet European central banks are not waiting for Germany to ease monetary policy. The last easing in the Bund-esbank's monetary policy took place more than a month ago

THE French interest rates cut

when the central bank reduced the cost of lending D-Marks to commercial banks via its "repo" rate to 7.6 per cent. in spite of this, the D-Mark has remained rather weak against most currencies as dealsrs grow increasingly concerned hy the scale of the German recession and the size of its budget deficit.

Pressures on the D-Mark have led central banks to think they can cut rates with-out fear of their currencies coming under pressure in the

Yesterday, the Bank of Portugal took a similar step to France's, cutting its key mop-up rate by % of a percent-age point to 11.25 per cent. Mr Erik Hoffmeyer, Danish

central bank governor, was also reported as saying that he would like to cut his country's interest rates as soon as possi-ble, and would not necessarily follow the Bundesbank. Speak-ing at the meeting of central bank governors in Basie, he gave no indication of when this might take place.
France's move had no effect

on the French franc yesterday, which closed unchanged at FF13.363 to the D-Mark. How-ever, the escudo closed lower at Es95.00 per D-Mark from a

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## EBRD board balks at early shake-up

By David Marsh, European Editor

DIVISIONS at the European Bank for Reconstruction and Development surfaced yeaterday, as Mr Claes de Neergaard, chairman of the audit committee, opposed plans for an early shake-np in the management structure.

At an inconclusive day-long board meeting. Mr Jacques Attali, bank president, proposed appointing Mr Ernest Stern, deputy head of the World Bank, in a new post as number two at the EBRD. Mr Attali, the focus of recent

allegations of EBRD overspending, said Mr Stern had accepted the job in principle to help strengthen management. However, Mr de Neergaard,

the Swedish board member, who is overseeing an examination of alleged cost overruns, spoke out against any changes until the investigation was completed on July 15.

The subject of Mr Attali's own future was not broached at yesterday's regular board meeting. But several directors feel that an early decision on creating a new job for Mr Stern could pre-empt wider changes - including over Mr Attali's own position - which may become necessary once the

audit report is concluded.

Mr de Neergaard'a rejection of an early appointment of Mr Stern was backed yesterday by a number of other directors, including Mr Ron Keller, the director from the Netherlands.

Mr Attali, described in recent weeks as fighting for his job, is due to give the board today a detailed paper spelling out proposals for management

In moves initiated by the Group of Seven (G7) leading industrialised countries, Mr Stern would take over as new senior vice president in charge

Mr Mario Sarcinelli, at present the vice president in charge of development banking, would take responsibility for management and administration, in an effort to meet complaints that the two-yearold bank has been wasteful

## **US urges rules** on exploitation of cheap labour

By David Goodhart in Zürich

A SENIOR official in the Clinton administration yesterday called for stronger international labour regulation "ao that businesses cannot play one country against another in the search for ever lower

Mr Jack Otero, deputy under secretary of labour, speaking at the International Metalworkers' Federation congress in Zürich, also said that the International Labour Organisation, whose convenminimum standards, needed 'strengthening'

Many labour organisations in the developed world are hoping that the US administration will play a more interventionist role in regulation, but Mr Otero would not be drawn on whether a social clause was required in any Gatt trade agreement. He did, bowever. emphasise that the US Labour Department was keen to see greater pressure on Malaysia. to allow full union rights in the electronics industry. Maiaysia, where many multinationals now operate, has become a test case for interna-

tional regulation. A Gatt social clanse was strongly supported yesterday by Mr Marcello Malentacchi, general secretary, who said that workers in the Third World should not be unfairly penalised by companies and governments as they entered

the world's trading system. He adds that the challenge facing policy-makers is to increase the living standards of people in the globe's South without destroying jobs and living standards in the North.

"We do not seek to lay down wages, which will vary according to the level of development of the country concerned, but we do consider that all the workers of a country have the right to form unions, to negotiate and to go on strike. Labour standards must be established so that worker exploitation is not the primary focus of eco-

nomic competition," he said. Mr Malentacchi said that the ILO should be the obvious agency to draw up a social clause for Gatt, but questioned whether the organisation had the "vigour" to do so. "It is, for example, the World Bank that is drawing up labour codes for African countries such as Mali and Senegal. It is not a banker's job to draft labour law any more than it is the ILO's task

Mr Owen Bieber, president of the American United Auto Workers, warned that, without a proper social clause, the pending North American Free Trade Agreement (Nafta) would intensify pressures for downward harmonisation of wages and working conditions "exactly the opposite of what

## New arrest drags state-run group Stet further into the scandal

## Italy's telecom corruption probe widens

ITALY'S buge Stet public sector telecommunications group has been dragged further into the political corruption scandal with the arrest yesterday of Mr Francesco Silvano, managing director until earlier this month.

The detention of Mr Silvano, who gave himself up to Milan police, takes the investigations into the telecommunications sector a further rung up Stet's management ladder. Earlier arrests had involved executives of Stet subsidiaries.

Telecommunications have become one of the most active areas of investigation as magistrates pursue a number of

the former ASST state telecom agency. inquiries are also believed to be proceeding on suggestions that some telecom companies may have rigged hids. Last month, police arrested Mr Luigi Montella and Mr Salvatore Randi, managing directors of Stet's Sirti and Italtel subsidiaries.

Sirti handles network engi-neering while Italtel, in which AT&T of the US has a 20 per cent stake, is responsible for equipment manufacturing. The chairman and managing direc-tor of Stet's small AET subsidlary have also been detained. Separately, Rome magistrates made three arrests following allegations of corruption at the Ministry of Posts inquiries involve ASST, formerly cootrolled by the ministry, and broadcasting.

Magistrates also warned Mr Giorgio La Malfa, former leader of the Republican party. and Mr Oscar Mammi, a senior Republican MP and ex-posts minister, they were under investigation on allegations of receiving illicit funds and illegal funding of political parties. One of the three men arrested, Mr Giorgio Medri, was a Republican MP and senior party official until last year. The arrests and warnings follow recent leaks that the posts ministry was a big source

of funds for the political par-

munications contracts and the reorganisation of broadcasting frequencies. Mr Davide Giacalone, a former assistant to Mr Mammi, is believed to have told magistrates L9bn (\$6m) in kickhacks was paid between 1987 and 1990 to Mr Mammi. It is further alleged that two of the three arrested men demanded kickbacks from a small company, Federal Trade Misure, commissioned by the posts ministry to advise on the

allocation of such a complex and sensitive task to an unknown company has already attracted the attention of mag-

frequency reorganisation. The

In another line of investiga-

## Russian stock market link urged

Ugo Monteveccbi, a former

managing director of Fiat's

Impresit construction arm, on

allegations of corruption and

rigged bidding for contracts. The arrest marks a blow for Flat, which has been gradually

returning to normal after the

detention of a number of top

executives in recent months.

most of whom are now back at

work. Mr Montevecchi had

already been interrogated by

Milan and Turin magistrates

investigating other leads in the

The latest allegations report-

edly refer to kickbacks from

Fiat Impresit to politicians for

restoration projects at Italian

Ex-head of

group jailed

By David Waller in Frankfurt

MR BERND OTTO, chief

defendant in the long-running

frand trial involving the Co op

German retail group, has been

sentenced to four and a half

Mr Otto, a former chief executive of the Co op, was found guilty on counts of fraud and

ing a total of approximately

The court found the money

had been transferred illegally to Swiss bank accounts for the

personal use of Mr Otto and

other former senior Co op

executives. The charges date

back to events in the mid-to-

late eighties, when Co op was

pursuing an aggressive expan-

counts manipulation involv-

corruption scandal

German

years in jail.

DM20m (\$12.3m).

RUSSIA should start planning a national stock exchange system now before the market is fragmented by the spontaneous proliferation of stock exchanges across the country, according to a report financed

by the European Commission. Garside Miller Associates and solicitors Norton Rose, also makes a series of recommenda tions to protect investors from fraudulent practices likely to emerge with the market's rapid

Although few company stocks are traded at present their number is likely to grow rapidly as the government sets about trying to privatise about 6.000 state-owned enterprises this year alone. Existing rules and a proposed securities law which has yet to be adopted by parliament do not, for instance, problbit "market manipulation" - the practice of trading solely to induce others to buy or sell an investment. With Russia on the verge of

its first takeover battles, the report also calls for rapid implementation of a takeover regime and more stringent disclosure requirements.

Because Russia spans 10 time zones, and existing exchanges are in fierce compe tition with each other, the Russian Stock Market Development Plan recommends the US model of linking competing exchanges in one common reg ulatory system.

Such a system would include provisions such as different computer systems being compatible. It would also institute common dealing rules and selfregulatory bodies to belp police the market - although self-policing would bave to be reinforced by an independent

state agency.

The alternative system of a single stock exchange with different branches simply could not be implemented in Russia. although the report hopes that competition will eventually reduce the excessive number of exchanges - 80 are now regis-tered with the authorities.

The report also warms of external risks to the securities market, such as the weakness of the banking system. It recommends that authorities urgently put together new and more extensive capital adequacy regulations to limit the risk of trouble in the banking sector spilling over into banks securities operations.

As the report notes in its dead-pan fashion, "there is little respect for the rule of law in Russia". But it stresses the need for one international Bank's international Finance Corporation to co-ordinate help so it is not wasted. For this purpose, it suggests the development of a "map" of the state of development of the market and external aid to it.



The Bosnian Serb leader, Mr Radovan Karadzic, kissing the hand of Archbishop Seraphim, leader of the Greek Orthodox Church. during a visit to Athens yesterday. Mr Karadzic was to attend a rally to raise funds for the Bosnian Serb cause. He claimed Greece planned to invite Serbs and Croats to Athens in an attempt to stop the fighting in former Yugoslavia

## East Ukraine speaks with quiet authority Chrystia Freeland reports on a strike with an overtly political message

signs denouncing Ukrainian President Leould Kravchuk, the public rally in the central square of the eastern Ukrainian city of Donetsk yesterday could have been mistaken for a massive

civic picnic Many of the 35,000 demonstrators who converged on October Square to show their solidarity with the striking coal miners carried brightly coloured parasols to shield them from the summer sun. Miners, distinctive in their red hard-hats and coal-blackened faces, reclined on the lush green lawns surrounding the to write banking laws." square to enjoy an open-air

brunch. The festive mood was facilitated by a thoughtful local government. The riot police and truncheous one might expect to see at a demonstration of militant coal-miners were nowhere in evidence. The regional government even gave the strike committee

should occur". The disparity in wages of US and Mexican auto workers is

But for all that, the wave of industrial unrest triggered by the miners' strikes which began last Wednesday has been an effective flexing of the muscles of industrialised eastern Ukraine.

The strikes, which have stopped work at 228 of the 253 mines in the Donbass region of eastern Ukraine and been joined by workers at some metallurgical and machine-huilding factories in the area, have pushed the political demands of the east to the top of the Ukrainian political agenda. The miners of western Ukraine, which have been as hard hit by last week's five-fold leap in food prices as their eastern comrades, have by and

But, according to observers in eastern Ukraine, unlike previous miners' strikes which have focused on pay increases for the coal sector, the main goal of this round of industrial action has been to give the offices in its massive white eastern Ukraine, which is pregranite building and allowed dominantly Russian-speaking, greater political power.
"This is eastern Ukraine's the miners to use the steps leading into government head-

large not joined the strike.

political revenge," said Mr Hryhori Nemyria, a professor of political science at Donetsk University. "After many years of the recruitment of Ukraine'a political élites from the Donhass, it is western Ukraine which is now prominent. The current strike is an effort to turn the tables back again."

the first winner this struggle is Mr The Ekhim Zvehilsky, who has been catapulted from bis job as mayor of Donetsk to the critical post of first deputy

prime minister of Ukraine. The links between Mr Zvehilsky's overnight political promotion and the strikes are strong: the normally quiescent Zasiadko mine, where Mr Zvebilsky used to work as director, was the first to take to the icket lines. Moreover, one of the strike leaders is Mr Zvehilsky's top political aide. Mr Zvehilsky Wasted no time

in using his new job to push the main demand of the striking miners: a national referendum on whether to hold new presidential and parliamentary elections. "Our young state is in jeop-

ardy," Mr Zvehilsky said to the emergency session of parliament convened yesterday afternoon to debate the miners' demand for a referendum. "If we do not decide today to hold a referendum, then in three or four days there will be no rea-

son to meet at all." He warned that failure to meet the miners' demands could spark a wider strike would bring the national economy to a halt. By late yesterday, parliament had not yet taken a deci-

sion on whether to hold a referendum. If it does, the resultwould be difficult to predict. The ex-communist-dominated parliament is widely discredited and a referendum could be expected to result in parliamentary elections. The president's position is

more ambiguous. Ukraine's collansing economy and escalating tensions with Russia have pushed the president's rating down in the opinion polls, but Mr Kravchuk is a skilled politician with a strong network of regional representatives, and, like his Russian counterpart, could manage to pull off a vote of confidence. That would not please the miners of Donetsk, whose

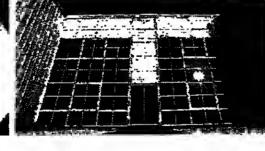
region voted strongly in favour of Mr Kravchuk, then perceived as a moderate alternative to nationalist politicians from western Ukraine, in the 1991 presidential elections. "Kraychuk cannot lead and

he does not understand the economy," said Mr luri Makarov, co-chairman of the strike committee. "People have now understood that he is not able to do anything for the state."





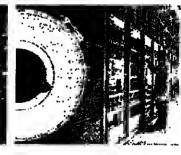












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## Japan keeps cash at home

JAPANESE overseas investment fell steeply last overseas year, exacerbating economic difficulties in much of ths industrialised world.

Particularly affected was the US, a strong beneficiary of Japanese investment in the late 1980s, while in the European Community inward investment last year generally held up well in spite of signs of economic slowdown. Total world crossborder investment last year came to \$158.5bn (£102.9bn), down 13 per cent on the corresponding figure for 1991.

According to the BIS report, foreign investment by Japa-nese companies, including capital spending and acquisitions, totalled \$17.2bn last year, down from \$30.7bn in 1991 and the \$48bn invested the year before.

The report suggests that the msin effect of much of the large Japanese foreign invest-ment in the 1980s has been to create jobs and boost economic activity in the countries concerned, rather than to lead to large profits for the Japanese companies spending the money. It says the "flood" of

Total outflows

Total inflows

between 1987 and 1991, totalling \$175bn, has "apparently yielded a very poor return". In the US last year, according to the report, Japanese investors recorded a net loss of \$2bn in terms of more cash flowing out of their businesses than com-

Overall, last year saw a r negative investment in the US of \$3.9bn.

That arose partly because the poor economic climate persuaded potential investors that they had better uses for their

In terms of total world crossborder investments, the US was responsible for the biggest share, contributing \$35.3bn out of total world investment of this type of \$158.5bn last year. This figure was 13 per cent down on the \$182.2bn figure for

Investment inflows across borders in the EC were relatively high at \$70.3bn last year, compared with \$68.6bn the vear before

The UK received the biggest share of last year's investment with \$19bn, followed by France

90

213.0

48.0 99.4

13.0

11.4 1,0

186.0

156.2

18,8

11.1

143.3

101.8

24.0

2.4 12.0

3.3

86-90

8.5

Global pattern of direct investment

(\$bn, annual averages)

1.5

52.5

34.9

0.6

25.2

# services sector

The BIS report says employment in financial services in the UK dropped by 10.7 per cent between 1989 and last year. Employment in this field in the US fell over the same period by 0.4 per cent, while in France it grew 0.6 per ceot.

numbers working in this area of industry "can be attributed to automation and excess capacity" in the financial sector. Another aspect was the high growth in employment in this field in many countries, including Britain, during the economic upswing in the 1980s.

the 1980s, employment in this field grew particularly fast in insurance, property-related services and banking.

increases in employment in non-manufacturing areas.

It says the experiences of the past 30 years, in which rich nations have increased their lead over the world's economic also-rans, "cast doubt on the widely held assumption that poor countries will generally gain, relative to more advanced countries, due to the spill-over of technology and

Income inequalities of rich and poor widen

capital inflows". Between 1960 and 1990, the fifth of the world's population which lives in China increased its share of world incomes from 7.3 per cent to 11.5 per

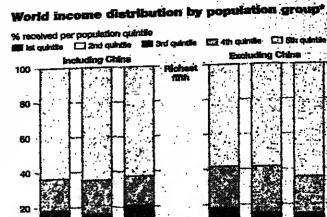
Economic advance in China was particularly substantial during the 1980s, when the income of the average person increased 6.9 per cent a year. Over the same period, incomes in the rapidly industrialising bloc of South Korea, Taiwan. Singapore and Hong Kong expanded by 5.6 per ceot a

However, during the 1980s, per capita incomes in Latin America and Africa fell by 0.8 per cent and 0.3 per cent a year respectively.

This was despite good prog-ress in both these regions dur-ing the 1960s and 1970s, when the comparable figures had been between 2 per cent and 3.1 per cent.

In 1990, the average citizen in South Korea, Taiwan, Singapore and Hong Kong received an income only 17 per cent below the average in the rich industrialised world - this is substantially better than in 1960, when incomes were 69 per cent less than in the west

However, progress in this respect was markedly different in Latin America and Asia. where in 1990 incomes were roughly one-third and onetenth respectively of the equivalent figures in the



developed world. Thirty years earlier, the cor-

after a long delay.

It warns that the credibility

of such targets may "take time

significantly higher, at 41 per cent and 17 per cent respec-

THE shake-out in employment m financial services in the UK has been much greater than in any other comparable country, underlining bow the recession has hit what was once regarded as a high-growth

PEOPLE in south-east Asia are catching up rapidly with the

western world in terms of

income, while those In Africa and Latin America are falling

further behind, according to

the Bank for International Set-

tlements' (BIS) annual report.

While the average person in China, South Korea, Taiwan,

Singapore and Hong Kong

experienced income growth of up to shout 7 per cent during

the 1980s, incomes in Latin

America and Africa fell during

the decade, due to economic

ferences between the poorest

and richest nations, the study

says the poorest 20 per cent of

the global population in 1960

received only 5 per cent of the

By 1990, this fraction had

fallen still further - to 3.4 per

populations.

stagnstion and rapidly rising

Illustrating the widening dif-

The study says the falls in In 1990 the financial services

industry in Britain employed 2.8m people, or roughly one-eighth of the total workforce and nearly double the compa-

rable number in 1979. During

**Peter Marsh** 

looks at the

the Bank for

International

Settlements

annual report of

and excluding China where

strong economic development in the 1980s has greatly eased poverty, the richest 20 per cent

of the world's people saw their

share of total Incomes increase

from 58.3 per cent to 64.6 per

The study points out that

better schools, curbs on popu-

lation growth and factory

investment to boost exports

are all keys to increasing

the wealth of the earth's

The reduction in numbers employed in this sector in Britain since 1989 compares with the 3.9 per cent gain in employment In the Japanese financial services industry over the same period. In Italy the iocrease in employment between 1989 and 1992 was 4.8 per cent, while Spain, Australia, Canada and Switzerland saw comparable increases of 12 per cent, 2 per cent, 0.7 per cent and 0.5 per cent respectively. Of the other nations studied in the report, Sweden and Norway saw falls in employment in this area of 2.3 per cent and 0.7 per cent. The analysis fails to give comparable figures for Germany, where the financial services industry in recent years has seen modest growth as part of general

## UK loses most Economic recovery 'held back jobs in financial by a lack of co-ordination'

ECONOMIC recovery in the ments ultimately had to be on inflation, the effectiveness industrial world may be held made in conditions of crisis, of policy in meeting inflation back by a lack of international co-ordination of economic policy and a reluctance to use fiscal measures to boost demand because of worries about growing public deficits, the Bank for International Settlements

warned yesterday. In its annual report, the bank also says inflation targeting may not succeed in providing stable economic policies in those countries such as the UK which have stopped linking their exchange rates to the

The BIS puts much of the blame for last year's crisis In the European exchange rate mechanism on the lack of willingness by governments to consider "preventative parity adjustments" in exchange rates prior to the emergence of severe market strains.

It concludes that "adjust-

precipitately, triggering speculative attacks even in cases fof specific currencies] where the fundamentals were sound" With special reference to

to establish in countries which Prospects for continental Europe look poor. Industrial production is falling, gross domestic product

budget deficits rising Britain which, having left the have changed the framework ERM, has introduced a target of keeping underlying inflation to less than 4 per cent, the report says "it is questionable" whether such targets can suc-

ceed in helping to bring about stable economic policy. Given the lags with which of policy several times in recent years and adopted inflation targets only after a substantial depreciation of their currencies".

In generally gloomy comments about the outlook, the BIS - owned by 32 central monetary policy has an impact banks from the developed

force events, with the result

world and former communist countries in eastern Europe - says easing in monetary pol icy in several countries has so far had little effect in stimulating economic activity.

While a return to growth seems likely in the US and the UK, prospects for continental Europe look poor "with indus-trial production declining. gross domestic product at best stagnating and unemployment and budget deficits rising".

Also lack of progress in international trade talks means "the potential for conflict is enormous" in the area of protectionist measures

However, more hopeful news comes from relatively good growth in some developing countries, especially in southeast Asia, the general absence of marked inflationary pressures in much of the developed world, and good productivity

## Warning for central bankers

stagnating and unemployment and

FINANCIAL TIMES CONFERENCES

## REGULATION OF THE RETAIL **INVESTMENT INDUSTRY**

London, 8 July 1993

Effective regulation of the retail financial services industry has proved costly and, by many accounts, inadequate. The conflicting interests of disparate business organisations have created almost insurmountable obstacles in the path of a single, cohesive system which will at once satisfy investors and consumer groups while encouraging innovation and competition.

This Financial Times Conference brings together a distinguished panel of speakers from all sides of the debate to discuss how effective regulation of the retail financial services industry can be achieved, the shape of future regulation, together with the rules relating to product disclosure and their impact on financial institutions.

Speakers include:

**Ms Rachel Lomax** H M Treasury

Mr Tim Miller

Sir Gordon Downey KCB Personal Investment Authority

Securities and Investments

Mr Bill Raynes **NFIFA** 

Mr Kenneth Bignall **Barclays Financial Services Limited**  Mr Andrew Large

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#### THE world's central banks will to force exchange rate adjust- allowed financial markets to ability to control exchange rate have to improve their strategies for exchange rate management if they are to avoid further spells of currency turbulence, according to Mr

Alexandre Lamfalussy, the BIS's general manager. Writing in the annual report. Mr Lamfalussy says monetary authorities in industrial countries need to back up efforts to

rate changes. However, such exercises can only work if they do not run foul of sentiment on the year. Instead of arranging a

ments. The BIS general manager says: "The authorities cannot therefore afford to kets] if they want to meet exchange rate targets they will have to influence these expectations, or at least avoid giving rise to adverse ones."

Elsewhere in the report, the manage currencies by buying BIS suggests governments and selling them with interest were guilty of a "piecemeal approach" to managing the turbulence in the European exchange rate mechanism last world's financial markets, general realignment of the curwhich have increasing powers rencies in the system, they

that individual currencies had to be devalued one by one, or, expectations [in financial mar- and sterling, pushed out of the mechanism. With about \$1,000bn (£649bn) a day traded on the world's currency markets, the power of investors to influence events is such that "even in the face of an attack on a currency whose funda-mentals are sound, intervention [by central banks to buy or sell currencies] now had to be greater than in the past".

On a similar theme, Mr Lamfalussy says an additional reason for governments' reduced

movements has been the and liability management culignore the crocial role of in the case of the Italian lira ture, encouraged by the successive waves of financial innovation and accelerating advances in information systems and communications technology

Turning to the economic outlook, Mr Lamfalussy is moder-ately optimistic about the possibilities of a sustained upturn across the industrial world. He says investment has generally been resilient, savings have increased and productivity growth is increasing in many countries, not only in manufacturing but in services.

## Portfolio flows across borders stay at high level

CROSS-BORDER financial trade accounts in determining year but remained at high

Flows of portfolio capital, covering such areas as bonds, equities and other securities, came to \$238bn from \$274bn in 1991 and \$152.8bn ths year before, according to the BIS

in many countries, portfolio capital transfers are now much higher than flows of money caused by payments of physical goods.

This underlines how different countries' capital accounts are more important than their

transfers fell back slightly last the value of international currencies.

Investment by the UK and Japan, who were the biggest players in 1991, declined, while US investment increased somewhat and continental European investment rose sharply, with German investment setting a new record of \$43bn

Inflows into Japan "all but evaporated", partly because of low long-term interest rates, while flows into Germany were high, partly due to the high level of the D-Mark. Investments in capital into

Portfolio cap	ital move (\$bn, a				count	tries
	76-80	81-85	86-90	90	91	92
Total outflows, of which:	15.0	60.6	185.0	152.8	274.0	238.
US	5.3	6.5	13.6	28.8	45.0	48.
Japan	3.4	25.0	85.9	39.7	74.3	34.
UK .	2.3	13.6	26.1	29.2	51.8	47.
Other EC	3.8	10.4	44.4	47.2	69.2	92.
Total inflows, of which:	39.9	77.8	184.8	154.9	374.6	308.
US	5.2	29.4	44.7	-0.8	51.2	65.
Japan	5.1	12.8	26.9	34.7	115.3	8.
uk '	2.3	3.5	22.1	9.4	28.7	29.
Other EC	8.7	18.5	57.3	85.0	123.6	168.
Equity inflows, of which:	5.0	12.4	24.4	-18.0	79.0	20.
US	1.8	3.4	4.9	-14.5	9.2	-112
Japan	1.0	2.1	-11.6	-13.3	.46.8	8,
UK	0.5	1.4	10.1	2.8	5.4	. 8
Other EC	1.1	2.4	13.2	7.0	10.9	

continental Europe now account for more than half of the transfers of this sort in the industrial world. US portfolio for transfers investment came to \$48.6bn from \$69.2bn.

last year, up from \$45bn the year before, while the EC. excluding the UK, accounted for transfers of \$92.3bn, up

## Japanese banks 'short on details'

UNCOVERING details about loan problems in Japan is made more difficult hy limited statistics provided by Japanese banks on borrowers which run into difficulties, the BIS report

in a section on financial distress in the banking system, it says loan losses in companies or banks "can have serious implications" for economies, even though these are often difficult to assess.

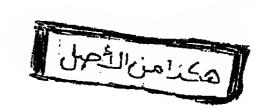
The report says an impor-tant question is the extent to which information known to banking authorities about banks' balance-sheets is pub-licly disclosed – an area where standards differ markedly between different countries.

The BIS says: "The limited statistics on non-performing loans make it particularly difficult to assess asset quality in the case of Japanese banks." The BIS emphasises that in

the case of 21 big Japanese banks the information of this kind covers only loans of a specific period. Loans granted which fail to meet the criteria for reporting suggest that in Japan "the actual scals of problem loans is likely to be larger" than would appear from an examination of pub-licly available documents.

The report says banking aothorities should identify problem loans early and take quick action to tackle them. See Leader Page





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CANALL PARTIES AND CONTRACTOR OF THE SECOND CO

## Somali gunmen accused of provoking Pakistani force

By Michael Littlejohns, UN Correspondent, in New York

UNITED Nations yesterday defended the actions of Pakistani troops under its command, which left many civilians dead In Mogadishu at the weekend, and charged that Somali gunmen had fired on the unarmed demonstrators as well as attacking the UN sol-

It was the first official information that Somalis were involved in shooting at the crowd. A UN report on the bloody incident said the demonstrators, with women and children in front, had earlier

JAPAN will not adjust interest

rates to stem the yen's contin-

ued rise against the dollar. Mr

Yasushi Mieno, the Bank of

Japan's governor, said yester-day after the dollar fell to an

all-time low of Y105.20 at the close of trading in Tokyo.

Mr Mieno's remarks at his

regular press conference are

likely to fuel a further rise in

the yen over the next few days,

say Tokyo foreign exchange dealers. The dollar fell by Y1.12 in Tokyo yesterday. Many Tokyo dealers believe

the dollar will cootinue to slide

against the yen until the US

authoritles intervene to sup-

port the dollar to prevent US import prices and inflation

The yen's rise is being fuelled by several factors, chiefly the rising Japanese trade surplus. US-Japanese

government talks over the

weekend in Washingtoo failed

to agree a framework for cut-

Mr Mieno's rejection of a

change in mooetary policy is part of a subtle shift in Tokyo's

approach to the yen's rise,

which may senior officials pri-

vately acknowledge is beading

fell sharply from about Y115 to

about Y110, the Bank of Japan

joined a fierce attack on the

Clinton administration for

allegedly encouraging the yen to rise. Business leaders and

politiciaos warned that the

yen's appreciation could choke

off the recovery of the Japa-

In cootrast the yen's most

recent rise to about Y105 has

from rising.

ting the surplus.

for Y100 to the dollar

nese economy.

Mr Kofi Annan, head of UN peacekeeping operations, hriefed the Security Council yesterday. There was no indication there would be any change in the rules of engagement for the UN force. Meanwhile, Mr Joe Sills, the

UN spokesman, reminded reporters that Mr Boutros Boutros Ghali, the secretary general, had repeatedly but in vain tried to persuade the US to disarm the Somali factions after US troops entered the country in December.

"Everybody would have been much better off if it had been done sooner." he said. The UN opened fire on the Pakistanis force that replaced the

increasingly tattered.

dollar fall continues.

cope with the yen's rise.

Mr Mieno emphasised yester-day be would take into account

both the positive and oegative effects of the yen's rise in

comments by Mr Sieroku Kaji-

yama, secretary general of the

ruling Liberal Democratic

party, that a stronger yen

could be tolerated in the long

Mr Mieno said it was still too

early to say that the Japanese

economy was bottoming out as

signs of recovery were too

weak. The question of whether

the economy has hit the bot-

deciding the bank's policy.

to support the US currency.

Japan 'to hold

interest rates'

as yen rises

Americans last month has made disarming warlords and their followers a high priority.

UN officials did their best to justify the Pakistani troops' actions. Mr Annan said the soldiers, who lost 23 of their colleagues in a Somali ambush 10 days ago, behaved "profession-ally". But if there were any evidence of wrongdoing those responsible would be disciplined Mr Sills said an "absolutely routine" investigation ras under way.

Mr Annan, who is from Ghana and is the first national of a third world country to take charge of a UN peacekeeping operation, stressed that the troops were serving in a coun-

Mr Boutros Ghali discusse the situation in Vienna yester-day with Mr Warren Christopher, the US secretary of state,

during a break in the human

rights conference there

In a statement issued on his accused the warlords of having "recklessly resorted to inciting crowds to threaten the security" of UN troops and of using women and children as "human shields". Notwithstanding extreme provocation, the soldiers had reacted with restraint, as a result of which civilian casualties had been "kept to the minimum". See editorial comment

Dalai Lama refused entry

## UN human rights row

THE UNITED Nations World Conference on Human Rights, the first in 25 years, opened in Vienna yesterday amid controversy and strong criticisms from independent human rights organisations which denounced the organisers' decision not to allow the Dalai Lama, the Tibetan spiritual leader and campaigner for human rights, to attend the opening ceremony.

The Dalai Lama unwittingly became tha symbol of what many non-governmental organisations (NGOs) regard as the double standards set by the UN and member states when it comes to human rights

The Dalai Lama, a Nobel Peace prizewinner, was barred from attending the ceremony following objections to his sence from China. The decision hrought an outcry and caused a boycott of the open-ing ceremony by 14 Nobel Peace prize laureates.

Mr Pierre Sane, secretary

general of Amnesty Interna-tional, said: "Is this the message the UN World Conference wants to send to the world this morning? Is this what is meant by a commitment to human rights - thet a man of peace like thr Dalai Lama is forbidden entry? We are appalled by this decision."

The row symbolised the enduring and at times hitter debate between advocates of the "universality" of human rights - represented primarily by the developed countries of the north - and many develop-ing countries which prefer to stress economic development and cultural differences, and who see the strictures of the north as badly disguised interference and imperialism. More than 100 countries are repre-

sented in Vienna. Mr Boutros Boutros Ghali, the UN secretary general, in his opening speech tried to steer a middle road hut he could not avoid the debate over "interference".

He suggested the international community had a duty act against states that flouted human rights and abused their people.

## Mehta may turn state

MR Harshad Mehta, the flamboyant stockbroker at the centre of India's biggest financial scandal, has offered to be a state witness and testify about possible pay-offs to poli-ticians, Renter reports from

He would thus gain immu-

Mr Mehta, 38, has been charged with bribery, fraud and currency violations in the scandal, which was exposed in April 1992. He is one of several brokers and bankers accused of involvement in the scandal, in which money is alleged to have been siphoned from the interbank securities market to help pump up prices on the then booming Bombay stock

#### Mongolian bank trial starts

Two ex-governors of Mongolia's central bank and three other bankers were put on trial yesterday on charges they virtually wiped out the country's foreign exchange reserves by losing \$82m on ill-advised deals, Reuter

"Astonishing and unbelievable." diplomats anoted a banker as saying after seeing the traders' books, "A guidebook of classic mistakes in forex dealing."

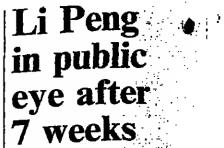
#### Philippines has new central bank

#### UK-China talks

China and Britain began a fifth round of talks yesterday on the political future of Hong Kong, with both sides vowing to maintain a positive attitude despite few signs of progress, Reuter reports from Beijing.

#### Nigerian lead

aire Moslem businessman, has



tel

By Tony Walker in Belling

MR LI PENG. China's prime minister, yesterday made his first public appearance in seveo weeks and struck an active pose in an apparent attempt to counter speculation that a lingering illness had weakened him politically. But western officials and

Chinese observers said it was too soon to judge whether Mr Li would be able to resume a full workload. Mr Li, who had last been sighted in public in late April, received Dr Mahathir Mohammed, the visiting Malaysian prime minister, at a ceremonial welcome yesterday in the Great Hall of the People, before adjourning for talks.

He showed no obvious sign of recent serious illness but, according to reporters present, he stiffened without responding directly when Dr Mahathir, a medical practitioner, enquired about his health during pleasantries that preceded their talks.

Chinese officials had initially explained Mr Li's disappearance from public view by say ing that he was suffering from a bad cold. But reports have circulated widely that he suffered at least one, and possibly two, heart attacks.

Mr Li, accompanied by his wife Mrs Zhn Lin, walked fairly briskly as he escorted Dr Mahathir. He also posed smilingly for photographers, as if to reinforce the point that he had recovered.

Later, he conducted 80 minutes of formal talks with the Malaysian leader, in which the two shared similar views on buman rights. "For a developing nation, human rights are in the first place the rights to independence, existence and development," Mr Ll was quoted as saying.

Dr Mahathir is said to have replied: "Foreign forces always seek to impose their social systems and concepts of values upon us, so as to disrupt our

countries and control us."

A western official said that some weeks would have to pass before it :was . clear whether Mr Li could fully resume his responsibilities, "If he has had a heart attack, even a mild one, be should avoid stress and long working hours," she said. "If he is only able to manage one or two meetings a week, it is unlikely he would be able to continue

as premier for very long."

Mr Wu Jianmin, foreign min-istry spokesman, told reporters that Mr Li's recovery was "very good" and that he was resuming all his duties. "As Premier Li Peng is getting better and better with his health. he will certainly have more diplomatic duties to perform," Mr Wu said.

Mr Li's illness became public on April 26, when he suddenly cancelled a meeting with Philtopine President Fidel Ramos. He was subsequently obliged to postpone a five-nation tour of central Asia.



E G

nen

Auto con

# witness

New Delhi.

nity from prosecution in exchange for testifying about a Rs10m (£210,000) political payoff, said Mr Ram Jethma-lani, his lawyer.

reports from Ulan Bator. Jordan's total external debts

Mr Gochoogiya Khuderchuluun and Mr Naidansurengiyu Zhargaisaikhan, his successor, are charged with dereliction of after a series of foreign exchange deals in 1990-91.

Philippine President Fidel Ramos signed a law to create the Central Monetary Authority to replace the heavily-indehted central bank, Reuter reports from Manila. "The Central Bank was in a state of decrepitude, haemorrhaging from a huge deficit amounting to more than 300bn pesos (£7.4bn)," Mr Ramos said.

#### Mr Moshood Abiola, a million-

Sihanouk hails era of democracy •

taken a clear lead in Nigeria's presidential election, first offi-cial results showed yesterday, Reuter reports from Lagos.

# Li: heart attack rumours

#### not been accompanied by crititom of the cycle has sharply cism of the US. The governdivided economic ministers ment's claim that international over the past week. **Reform faction** Israel and Palestinians far apart may quit LDP

By Robert Thomson in Tokyo LEADERS of Japan's ruling

Liberal Democratic party yesterday conceded that they cannot reach agreement on reform of the scandal-tainted political system, prompting one faction boss to call for a new reform coalition which would group LDP and opposition politicians. Mr Tsutomu Hata, head of the LDP's Hata faction, said

the apparent failure of the reform push had forced him to gather a group of pro-reformers from the government and opposition, which he suggested could ultimately become the base for a new political party.

If Mr Hata is successful in

convincing members of other LDP factions to defect on this issue, the government could be defeated in an opposition-spon-sored no-confidence motion in parliament and he forced to extend the present sitting beyond this week or even to call an election.

"Over the next day or two, 1 will be gathering people from different LDP factions who have the sama desire for reform," Mr Hata said. "There is a possibility in the longerterm that it could be a new party, but we will have to see whet develops."

Mr Hata's move came as Mr Seiroku Kajiyama, the LDP's secretary general, said he had been unable to get agreement from LDP parliamentarians on political reforms including a redrawing of electoral boundaries and tougher controls on

Many LDP members are

tem of multi-seat constituen-cies with a single-seat system or proportional representation or a mix of both. The new format would threaten the LDP's traditional system of factional patronage, as, in tandem with funding laws, the cost of politics would be cut.

But the problem for Mr Hata and other self-proclaimed reformers is that the Social Democratic party of Japan, the largest opposition party, has also yet to agree on the details of political reform, which is likely to be opposed by mem-bers who benefit from the pres-

ent system.
"We will have to see which politicians are really in favour of reform, and those who are just saying nice things," Mr Hata said. "Reform will help to nurture real political parties, and it will help Japan to develop a more independent foreign policy and to take dip-

 Japanese MPs yesterday declared their personal assets, which were an average Y132.2m (£796,300) for members of tha LDP, and a more modest Y43.5m for opposition MPs - the average total for Japa-

nese is Y21.1m. The totals made public were probably far below the actual figures, as property and stock prices were calculated at book valne, not market value, and the total does not include the assets of other family members. Many politicians are assets to their spouse or children to avoid declaring an



By James Whittington

JORDAN is on the verge of a \$1bn (£650m) debt rescheduling agreement with the Loodoo which is said to give among the best terms ever obtained by a Third World debtor coun-

After many rounds of tough negotiations, the Loodon Club has offered a draft agreement which will give direct and indirect relief of around 58 per cent of the kingdom's gross debts to the banks.

The formula presents the commercial creditors the option of either 35 per cent discounted bonds, or par bonds,

By Julian Ozanne in Jerusalem

THE GULF between the Israeli

government and Palestinian peace negotia-

tors appeared as wide as ever yesterday on

the eve of the resumption of the Arab-Israeli peace talks in Washington today. In the run-up to the tenth round of talks

both the Palestinians and the Israelis have

played down expectations of a hreak-

through on a joint statement of principles

on interim Palestinian self-rule.

The Palestinian delegation, led by Mr Haidar Abdel-Shafi, is said to be deeply

unhappy about the failure of US officials

sponsoring the talks to provide concrete

answers to a series of questions defining the extent of Palestinian autonomy to be

granted over the occupied territories dur-

The Palestinian delegation has been in

both payable after 30 years and with low interest rates. Jordan has stipulated that creditors must opt for at least 35 per cent of the debt to be covered by discounted bonds.

wary of setting a precedent which other debtor countries would then request. But Jordan, which boasts an impressive economic record since its IMF adjustment programme began in the autumn of 1991. was supported in its hard bargaining hy the IMF. It will now replace Argentina as the Club's most favoured Third World

Mr Sami Qammo, the kingdom's new finance minister, is due to go to London at the end of June to finalise the agree-Despite the kingdom's over-

all success with the adjust- are around \$6.5bm, or 140 per ment programme so far, the cent of gross domestic product. London Club's offer comes at a The Paris Club of creditor govincreasing difficulties in implementing certain IMF strictures. The government had been expected to introduce a controversial sales tax before debt rescheduling took place. But faced with fierce opposition, especially from the private sec-

tor, the idea was dropped. Instead Mr Qammo last week announced amendments to the kingdom's old consumption tax which he described as "a compromise with the IMF". Fuel

A Paris Club meeting is scheduled for July 1993 and western diplomats in Amman express confidence that further deht rescheduling will be agreed to. "Most western coun-

and electricity price increases

of no return in the negotiations. "We are not ready for gestures. The

period of confidence-building measures is

over," Mr Rabin reportedly told a parlia-

have also been announced

is due \$1.5bn. The rest is owed

to Russia, former East bloc

states, Arab lending groups

tries are sympathetic towards

Jordan and appreciate its mod-

erate political stand. I think

they want to help," says one

and the London Club.

mentary committee yesterday. Without any progress on the Palestinian track, negotiations hetween Jerusalem and its Arab neighbours Jordan, Syria, and Lebanon are unlikely to make any headway in Washington.

King Hussein of Jordan, who is due to meet President Bill Clinton on Friday, last week ruled out the possibility of signing any hilateral agreement until there is progress in Palestinian Israeli talks. Palestinian and Arab delegates are

ressing the US to take a more interventionist role to force concessions on the parties and ensure some progress is made before the tenth round ends in three

## Forecast tax rises held in Pakistani budget

ing an interim pertod.

THE PAKISTANI government last night unveiled the country's annual hudget which avoided some unpopular mea-sures that businessmen had expected, though it sought to widen the tax net.

Prices of petroleum products were increased by 10 per cent but costs of gas and electricity remained unchanged. Petrol may rise further depending on the the exchange rate of the Pakistani rupee against the

Sales tax was increased hy

2.5 percentage points to 15 per cent. Mr Sartaj Aziz, in his

hudget speech before the par-

liament, also announced a 2

per cent duty surcharge on the

cost of new commercial build-

ings in large urhan areas. No tax was introduced on agricultural income. Pakistanis are exempt from paying direct income tax on agriculture, a subject of criticism from foreign donors. In recent days, many officials expected some form of tax, even in a limited form, in response to those con-

The budget bas come at a time of political uncertainty. Mr Aziz appealed to the hipartisan consensus on economic policies as a way to encourage foreign invest-Many husinassmen hava

recently expressed concern

over a chronic budget deficit

which has repeatedly been

rasponsible for Pakistan

By Victor Mailet in Phnom Penh

Washington since last week pressing the US State Department to clarify its position

on questions central to the peace talks. Among issues presented by the Palestin-

ians are whether the US views the territo-

ries as "disputed" or "occupied", how East

Jerusalem would be governed during the

interim and how Washingtoo sees the link-

age between an interim solution and a

The Palestinians said they failed to

receive clear answers from the US admin-

istration and yesterday it was unclear whether Mr Abdel-Shafi would attend this

morning's session or merely send a symbolic delegation.

In Jerusalem Mr Yitzhak Rabin, Israeli

prime minister, said that he expected no breakthrough in Washington but he said

he believed that Israel and some of the

permanent settlement.

PRINCE Norodom Sihanouk. the Cambodian leader, celahrated the opening of the elected assembly yesterday hy announcing a new era of liberal democracy and free enter-prise and calling for a solid ceasefire between the country's warring factions.
The 120-memher assembly,

chosen in last month's UNorganised election, is obliged to draw up a new constitution and form a government within three months under an inter-

national peace plan agreed in Paris In 1991.

Mr Yasushi Akashi, head of the UN Transitional Authority in Cambodia, urged the elected representatives to "bury the hatchet of yesterday" and said he was proud to have led the missing its economic targets. UN's most ambitious undertak-

ing to date. Untac's \$2hn (£1.2bn) mission is supposed to end with the formation of a new government.

"Your presence here is a clear affirmation of democracy in Cambodia and of the unmistakeable will of the people to become the masters of their own country," Mr Akashi said, holding out the promise of support from foreign donors and investors if stability returns to Cambodia. Mr Akashi and his staff are

likely to face a difficult three months dealing with the unpredictable Prince Sihanouk and with an incumbent communist administration unwilling to yield power to Funcin-pec, the royalist opposition party which won the most seats in the election. Several leaders of the ruling communist Cambodian Peo-

Vietnamese border, terrorising Functionec supporters and driving out UN civilian workers at gunpoint; Khmer Rouge guer-rillas opposed to the CPP have their own zone on the Thai

"autonomous zone" along the

After entering the assembly under a golden umbrella, the 70-year-old Prince Sihanouk told its members that the Cambodian people wanted a united and peaceful country and a better standard of living. He condemned deforestation

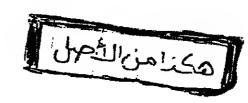
and the theft of archaeological treasures from the ruins of Angkor in the north, and suggested a return to the "prosperous agriculture of the 1950s and 1960s" - the time when he was in power.
One of the assembly's first acts yesterday was to mollify

the prince by declaring the ple's party have established an coup d'état against him by Gen

Lon Nol in 1970 to be null and void, and by reaffirming him as head of state "so that he can effectively save our country and allow Cambodia once more to know progress and prosper-ity, as in the days of the Sangkum Reastr Niyum". Untac officials said the deci-

sion was of doubtful legal force - since the assembly has yet to pass a constitution - and did not necessarily bode well for democracy; the Sangkum, or "People's Socialist Community", was a national move-ment founded by Prince Sihanouk with the purpose of obliterating other political par-ties, and won its first election with the help of intimidation and vote-rigging in 1955. Cambodian rice yields and

per capita income, further-more, were among the lowest in south-east Asia in the



# German fury telecoms line

By Ariane Genillard in Bonn

THE German telecoms industry yesterday sharply criticised the recent announce ment by Mr Gunter Rexrodt, fedsral economics minister, that Germany and the US had agreed to sidestep sanctions and counter-sanctions over government contracts affecting telecommunications.

"We are surprised and angered at the fact that the Economics Ministry is break-ing ranks with the EC trade politics," a source in the indus-

try said. "Germany will now become a platform for non-EC producers wanting to enter the common market, and German companies will be the first to pay the price of this increased competition." he added.

The Economics Ministry yes-terday attempted to defuse the crisis, which has thrown Germany into a bitter dispute with the European Commission. However, ministry officials kept an embarrassed silence when asked about ways in which Bonn could mend its dispute with Brussels.

The ministry said no trade agreement lifting sanctions had been signed with the US. "Our trade representatives

simply informed their US counterparts that Germany was not discriminating against US companies, as do Spain, Portugal and Greece," a spokesman from the ministry said.

The row between Germany and Brussels broke out last Thursday when Mr Mickey Kantor, US trade representative, told a US congressional committee that Germany and the US had agreed to drop sanctions against companies

importing telecoms equipment. On Friday, Mr Rexrodt announced that Germany could not apply discriminatory sanctions against US companies because of a 1954 bilateral trade agreement.

The announcement immediately prompted the European Commission to ask for a full clarification.

The US recently erected sanctions against EC telecoms suppliers seeking government contracts in the US. This was in retaliation for Article 29 of the EC's utilities directive, enacted in January and giving a price preference to EC companies hidding for European

government contracts. But Mr Rexrodt said on Friday Germany would not apply Article 29's restrictive proviAndrew Taylor detects growing international interest in plans for city's reconstruction

## at minister's Contractors join the new battle of Beirut

HE prospect of rebuilding war-ravaged Beirut, 18 months after hostilities ceased, is beginning to excite the interest of international contractors.

They are anxious to win forelgn orders to supplement depressed domestic order books with much of the western world struggling to escape

the grip of recession.

The extent to which their interest will be translated into structures on the ground will depend on the ability of the Lehanese authorities to raise the money to pay for recon-

engineering contractors were asked to submit pre-qualifying blds for the \$350m (£227m) rehabilitation and extension of Beirut international airport. According to contractors, finance for the airport is expected to be in the form of foreign loans and grants, most likely

from other Middle Eastern The Lehanese Council for Development and Reconstruction responsible for the project has told construction compa-

nies that the airport development has the personal support of Mr Rafik Al Hariri, the

prime minister.
About 70 contractors are expected to seek to pre-qualify to expand the airport's capacity from about 1.5m passengers a year to 6m. The work, which includes a third 3,500m runway, is expected to last two

years. It is part of a \$12.9bn reconstruction programme which includes rebuilding shattered transport, water, sewerage and electricity generation services as well.

A separate plan for Last week building and civil the redevelopment of Beirut, once one of the richest Middle Eastern cities, has been drawn up by local consultants Dar Al-Handasah. The rehabilitation of 1.3m sq m, including 660,000 sq m of private property, in the bombed-out centre of Beirut, is expected to cost about

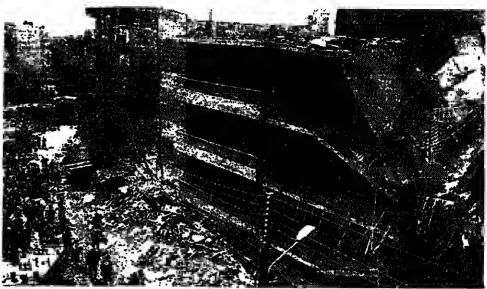
The reconstruction programme, says the council, will be paid for out of foreign loans and aid, Lebanese government finance and private investment from returning husinessmen

estimated that these hold overseas assets worth \$30hn to

Much will depend upon the success of Mr Hariri, a 48-yearold Moslem billionaire, in convincing the investment community that he can rally Leba-non's divided society and reverse the country's balance

of payments deficit. The long-term solution to the country's political and economic problems will involve reaching a peace agreement under which Israel will withdraw its troops from its self-declared security zone in south Lebanon. Without this accord, it will be impossible for large scale country-wide re-development to take place.

The first phase of re-development, costing \$2.7bn, from 1993 to 1995 will depend heavily on foreign loans which will account for two-thirds of the finance with foreign aid accounting for another 21 per cent. Domestic borrowing will account for about 13 per cent, says the



Rising from the ashes: the war bas provided rich pickings for international building contractors

Earlier projects, therefore, will he those which can quickly generate income from users to repay borrowings. These may include the airport development, electricity generation, port developments and

Contractors will he looking for as much security as possible from lenders such as the World Bank. The council toyed with the idea of trying to raise finance for the airport from a private sector operator hut did not consider this to be feasible in the current political and economic climate. Nonetheless, there are signs of activity which have encouraged international contractors.

Lebanese husinessmen, as a sign of confidence in Mr Hariri's new government, repatriated \$700m last year. Mr Derek Ashburner,

husiness development director of Trafalgar House, the UK construction, engineering, property, shipping and hotel group, was a member of a construction industry trade mission to Beirut sponsored by the British government at the as this programme develops."

beginning of this month.
"Land costs have risen sharply in recent months and there are reports of apartments along the coastal strip chang-ing hands at \$1m each, all of which are signs of returning confidence," said Mr Ashbur

"British, French and Italian engineering consultants are already working on prelimi-nary designs for parts of the reconstruction progwill pick up some of the work

# US pacts must be

THE US Council on Competitiveness has joined a growing number of influential private-sector groups recommending Washington negotiate "results-oriented" pacts, including market-share goals, when strong companies cannot gain foreign market access.

In its latest report - Roadmap for Results: Trade Policy, Technology and American Competitiveness - the council also endorses the use of tra sanctions if necessary.

The council is headed by Mr George Fisher, chairman of Motorola, who was one of the few private-sector representatives invited to dine on Friday night with a Japanese delega-tion in Washington for trade negotiations. It played a key role in developing the Clinton administration's technology

The new report offers soms insight into US strategy towards Japan, which it names as a candidate for results-oriented pacts because "its structural barriers and discriminatory private-sector linkages are often more entrenched than in other parts of ths

The report acknowledges that the US has, in the past,

relied too heavily on trade policy instead of addressing basic

US trade policy has been poorly co-ordinated among gov-

The administration has already moved to correct past deficiencies. Its Japan policy has been developed in the interagency National Eco-nomic Council in tandem with the National Security Agency. It is insisting on some kind of measurable indicators, and has the hroad hacking of both Republicans and Democrats in

has pledged not to retaliate if negotiated goals are not met, it will use sanctions to enforce trade US laws.

The options for leverage are numerous. A higher mini-van tariff, now buried in a Trea-

# 'results-oriented'

By Nancy Dunne

competitiveness problems, such as insufficient research and development, "impatient capital markets and a burdensome regulatory environment".

ernment agencies and with other policies, the report says. This has led to numerous inconsistencies; for example Washington rejecting subsidies in multilateral steel talks, while making plans to subsid-

longress.
Although the administration

sury review process, could be called into play or US officials could return to talking up the

#### **NEWS IN BRIEF**

## E Germans back new business site

THE east German state of Brandenburg has given full planning permission for a Canadian-based company to develop a business site for foreign investors, in a move likely to attract up to DM500m (£203m) of investment and several thousand jobs over the next four years, Judy Dempsey writes from Berlin.

The Horsham Corporation, which holds a controlling interest in American Barrick Resources Corporation, the international gold producer, bought the 220-hectare Brandenburg Park, south of Berlin, in June 1991 from the Treuhand privatisation agency. It paid DM30m for the land and intends to invest DM60m on

#### infrastructure and construction over the next 14 months. Taiwan quits steel mill project

Taiwan has confirmed it is withdrawing from a planned \$360m (£234m) investment in a Malaysian steel mill, writes Kieran

Cooke in Singapore. State-run China Steel was to have co-operated in the project with the Kuala Lumpur government and Malaysia's Lion Group. But Taiwan's parliament has blocked China Steel's investment, saying the company should expand its capacity in Taiwan before investing overseas. Malaysia says the steel mill project - with a planned investment of \$2.7bn - will go ahead.

## Auto components venture agreed

Sumitomo Light Metal of Japan and Norway's Hydro Aluminium have formally agreed to collaborate in the development of automotive components using aluminium extrusions, writes Kenneth

Gooding, Mining Correspondent. Hydro is Europe's biggest producer of aluminium extrusions while Sumitomo is a leading supplier to the Japanese vehicle industry. Similar links have been established by companies reacting to forecasts of a surge in the use of aluminium in cars and other vehicles to reduce weight and pollution.

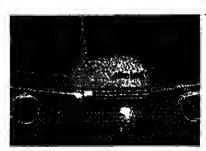
### China awards telecoms contract

Pacific Dunlop of Australia has won an A\$70m (£31.25m) telecommunications contract in China, writes Bruce Jacques in Sydney. The contract, awarded to the group's Olex Cables subsidiary, involves laying 3,150 km of optical fibre cable and transmission equipment, linking the cities of Lanzhou, Urumqi and Yining in horth-west China. Olex will be partnered by NEC Australia.



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BOEING

## Clinton slow in hitting the justice jackpot

three pulls of the lever before hitting the attorney-general jack-pot with Ms Janet Reno. Judge Ruth Bader Ginsburg may well turn out to be a splendid new Supreme Court justice, but the long and painful pro-cess by which she was selected has done nothing to dispel the president's - and the White House staff's reputation for being chronically indecisive and politically irresolute.

The indictment against both the president and his people is the talk of Washington. The salient charges include:

 Vacillation: It took the administration three months to find a replacement for Justice Byron

hio-technology, Reuter reports

ested in the Hispanic Carlbbe-

an... we see opportunities for

economic development," Bar-

oness Young, a former Conser-

vative minister and the delega-

The 14 executives in the

group were to have talks with Cuban trade officials during

their three-day stay on the

communist-ruled island.

Britain's Caribbean trade advi-

sory group organised the visit.

vice-president of Cuba's state

committee for economic co-operation, told Lady Young

that Cnha was interested in

increasing its trade relations

Asked about Britain's atti-

tude to the US trade embargo

against the country, which the

Chhan government says hin-

ders trade and investment

from other countries, Lady

Young said: "The British gov-

ernment's position is that we have trade relations with Cuba

and are interested in building

with Britain.

Mr Raul Taladrid, a

tion leader, said in Havana.

We are particularly inter-

from Havana.

The president still seems indecisive and irresolute, writes Jurek Martin

White, who had announced in March that be would retire at the end of the current court term this summer so that a successor could be confirmed by the Senate and on the bench in time for the next term. This timetable is now in doubt.

By contrast, presidents Reagan and Bush took less than a week to announce nominations to Supreme Court vacancies and did not demand - as Mr Clinton does, almost to ssion – personal knowledge of candidates. Even when both the previous presidents lost nominees - Mr Robert Bork and Mr Douglas Gins-

burg - replacements were put forward within days. Poor staff work: Judge Stephen Breyer of Massachussetts, the favourite until Sunday, is reported to have told Mr Bernard Nussbaum, White House counsel, five weeks ago that be had a problem with social security payments for a domestic employee. Yet these only surfaced in news reports on Saturday night, after the judge had lunched with the president on Friday and been asked to stay in Washington, presumably to await announcement that he was

Even then, he was dropped after several prominent senators, including Mr Robert Dole, Republican leader, and Senator Joseph Biden. chairman of the judiciary committee, had said he should be confirmed. not least because new ground rules worked out by the committee and the White House allowed for "unin-tentional oversight", which seems the worst he was guilty of.

Even some advocates of women's rights, distressed over the circumstances that undid Ms Zoe Baird and Judge Kimba Wood as prospective attorneys-general, pointed to qualitative differences between Judge Breyer's domestic arrangements and those of the two women

· Callousness: If the judge was led up the garden path of expectations, so was Mr Bruce Babbitt, interior secretary, rated favourite a week ago for the bench. He had to endure the re-publicisation of old - never sub-stantiated - allegations that he had connections to organised crime

 Political resolution: It baffled even some of Mr Clinton's friends when Mr Babbitt's name was so freely mentioned, as he is considered a tower of strength in the cabinet, particularly admired by liberals and environmentalists. A confirmation battle to replace him at the Interior Department seemed needless.

The president's desire to know his most important nominees personally may be understandable. But he deserted an old friend, Ms Lani Guinier, when her nomination to the civil rights section of the Justice Department came under fire and, hy drop-ping, in succession, Mr Babhitt and Judge Breyer, Mr Clinton has again left the impression that he bends before critical winds. It also makes him enemies - Senator Edward Kennedy of Massachussetts, a sponsor of Judge Breyer, is not pleased.

## Uruguay tackles row over officer

By John Barham in Buenos Aires

REPORTS that South American security forces worked together last year to "rescue" a Chilean intelligence officer, wanted in connection with human rights investigations in Chile, have set off political trouble in Uruguay, where the officer was last

The affair came to light last week when Urnguayan ymous letter claiming that Argentine, Chilean and Ura-guayan intelligence services co-operated last November. apparently without the knowledge of their civilian political masters, to spirit Mr Eugenie Berrios out of Chile, where he was wanted on human rights charges. He is alleged to have been implicated in rights violations during General Augusto Pinochet's military

PR !

cuis

regime of 1973-1990. Mr Berrios was taken first to Argentina, then to Uruguay, where he is believed to have been protected by army and police officers. He has since disappeared without trace.

Uruguayan President Luis Alberto Lacalle cut short last week a visit to London to deal with the affair. He sacked General Mario Aguerromio as head of military intelligence and Mr Ramón Rivas, the police chief suspected of holding Mr Berrios in the town of Parque del Plata.

However, Mr Lacalle has heen careful to avoid n head-on confrontation with the Uruguayan military, which has evaded the sort of human rights investigations that dogged the armed forces of Argentina, Brazil, Chile and Paraguay after they handed back power to civilians. Mr Lacalle has ordered a

confidential interior and defence ministry investigation of the Berrios affair, rather than a full judicial inquiry. He stressed at the weekend that the affair was matnly a Chilean problem, with ramifications in Uruguay.

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#### Canadian Tories **British** executives take gamble on in Cuba their new leader trade talks

A GROUP of British business Bernard Simon examines the risks executives is visiting Cuba for talks on trade and investment of choosing Kim Campbell as PM opportunities in such fields as tourism, the oil industry and

> BY CHOOSING Ms Kim Campbell to succeed Brian Mulroney as party leader and prime minister, Canada's ruling Progressive Conservatives have taken a gamble. If it pays off, the Tories will find themselves in power for a third consecutive term after the election Ms Camphell is likely to call in Septem-

The country may then have a prime minister with the intelligence and forcefulness to press ahead vigorously for the next five years with the tasks which Mr Mulroney began - adjusting the economy to the rigours of greater competition, especially in North America, bringing down a ballooning hudget deficit, reforming the costly social security system and giving a freer rein to private enter-

As a native of Vancouver, Ms Campbell may be the ideal leader to accommodate Canada's regional and linguistic disparities, while maintaining an over-arching role for the federal government in Ottawa.

Her intellect, sophisticated tastes and considerable exposure to the world outside North America could give the new prime minister and her country as much attention on the international stage in the 1990s as Mr Pierre Trudeau won for it in the

Ms Campbell, aged 46, is in many ways an unusual - and therefore, for her party, a risky - choice as Canada's 19th prime minister.

Besides being the first woman in the post, she is the first prime miniswith western roots since Mr John Diefenhaker in the late 1950s. Ms Campbell, who has spent much of ber life either studying or teaching, was elected to the House of Commons in Ottawa only five years ago.

er previous experience in politics was limited to a school board in Vancouver and to British Columbia's right-wing Social Credit party. She is barely fluent in French, and has little first-hand knowledge of Quebec, more than 2,000 miles from Vancouver.

The general election race will be wide open. The Tories have a fillip from Mr Mulroney's departure, and are now running neck and neck with the opposition Liberals in public opinion polls.

But, with voters in an unusually volatile mood, poils now offer little guidance to the outcome. For one



Kim Campbell; a more complex and less predictable character than her predecessor

thing, Ms Campbell's chief opponent, Liberal party leader Mr Jean Chretien, is among the country's most seasoned politicians.

Ms Campbell will make her international debut at next month's Group of Seven summit in Tokyo - an event which Tory organisers hope will also help boost her image at home ahead of the general election.

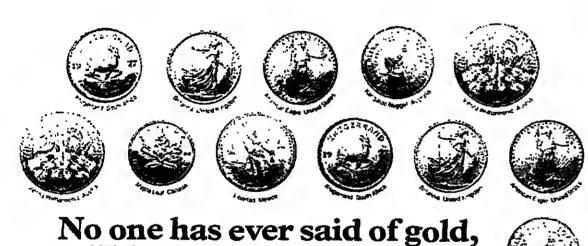
The other G7 leaders are likely to find that their new Canadian counterpart has a more piercing intellect than Mr Mulroney, but is less convivial. "She will be less club-able" with the other G7 leaders, predicts one foreign dipiomat in Ottawa.

Ms Campbell, in general, appears to have a more complex and less predictable character than her predecessor. The same traits have won her affection in some quarters, but disdain in

One of her political confidants notes that it was just as well there were no

evening as Ms Campbell sat watching the keynote speeches of the other four candidates at the Conservative leadership convention

Her comments were, it seems, such that a Campbell fan would have regarded them as reflecting her impish sense of humour, while the same remarks might have been taken by a detractor as proof of the condescending and tart-tongued manner for which she has become



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## WHERE TO WATCH THE FT THIS WEEK

#### MONDAY

07:45 European Business Today† - Daily news, company results, market moves and boardroom interviews.

12:30 West of Moscow † 22:30 European Business Today†

#### TUESDAY

07:45 European Business Today†(22:30)

13:15 West of Moscow\*(18:15)

08:15 FT Reports\* (15:45, 23:45)

#### WEDNESDAY

07:45 European Business Today† (22:30)

21:30 Financial Times Reports† - The Big Issue? We take a hard look at the BT3 share offer, and also spotlight Thermie the new hi-tech EC energy programme..

All times are CET

KEY ● Sky News †Super Channel \* Euronews

## THURSDAY

07:45 European Business Today† (22:30)

08:15 West of Moscow\* (15:45, 23:45)

13:15 FT Reports\* (18.15) 20:00 Financial Times Reports (01:00, 05.15)

#### FRIDAY

07:45 European Business Today†

#### SATURDAY

05:30 Financial Times Reports ● 08:30 Financial Times Reports †

11:15 West of Moscow •

- Read all over? We talk to the man behind the Readers Digest move into Eastern Europe.

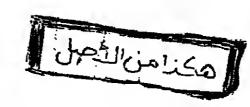
(& 22:15, 02.15, 05.15)

#### SUNDAY

13:00 Financial Times Reports ● (20:00)

19:00 Financial Times Reports † 22:30 West of Moscow †

Number One Southwark Bridge London SE1 9HL Tel. 44-71-873-4098 Fax 44-71-873-3081



## President of Timex at Dundee quits

By James Buxton Scottish Correspondent

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MR PETER Hall, president of Timex Electronics, the Dundee company which is embroiled in a bitter and widely publicised industrial dispute, resigned

His departure was widely seen as making a settlement slightly easier to reach but union officials said they were not expecting an early solu-

Last night Mr Mohamed Saleh, Timex Electronics head of human resources in the US,

PRT reform

cuts licence

proposed changes to Petroleum

PRT reforms will reduce the

rate of tax paid on existing

fields but abolish tax relief for

But Mr Tim Eggar, energy minister, said the withdrawals

had not significantly affected

the success of the latest off-

shore licensing round which

awarded 110 blocks for offshore

oil exploration out of the 484

put on offer as part of the larg-

est range of offerings since

1972, Oil companies showed a

lot of interast in important

new areas for exploration such

as the area west of the Shet-

land Isles, and Cardigan Bay

Mr Eggar sald of Shetland: "I

think we are on the verge of

proving up a major new prov-

ince which will be very signifi-

cant for the future of the

response to the tax change.

off the Welsh coast.

was the largest for 20 years. The government yesterday

By Deborah Hargreaves

Revenue Tax.

exploration work.

engineering union officials and fifth month. Since the comleaders of the sacked Timex workforce in Dundee. This was the first time since February that Timex has met local union leaders, though it has had long negotiations with national offi-

Mr Hall was said by the company to have resigned for personal reasons and left the plant. The printed circult board assembly factory is being managed by Mr John Dryfe, a Scot who is chairman of Timex Electronics in the US and was once manager of the

The Timex dispute is in its

pany sacked its entire 340strong hourly paid workforce in February It has been bus-sing in a replacement workforce. Earlier this month the sacked workforce contemptuously rejected terms negotiated by the AEEU which the union said represented a 27 per cent

cut in pay and benefits. Mr Hall had become a hate figure for the sacked workforce, 80 per cent of whom are women. His departure is seen as a victory by the strikers and could make it easier for them to accept terms from Timex management. But there was no prepared to change its position, while leaders of the sacked workforce said their position was unchanged. "We don't believe there will be an early settlement," said Mr John Stewart, a member of the Timex strike committee.

The strikers want to win

back their jobs on conditions similar to those under which they were working before they were sacked, and would if necessary accept the eviction of the 290 hired to replace them. They believe pressure is

sign last night that Timex was company's image is suffering, prepared to change its position. the plant is a possibility.

Timex has insisted that production was being maintained and that it needs to increase its workforce to meet new orders. • David Goodhart in Zurich writes: Mr Bill Jordan, president of the AEEU, welcomed the news that Mr Hall had left and said it was a "necessary but not sufficient condition for finding a resolution". Earlier he had denounced Timex as "the unacceptable face of the multinationals" at the Internamounting on Timex, partly because of the damage the tion congress in Zurich. tional Metalworkers Federa-

Radio 4 on longwave.

#### Trafalgar, **GEC** and **BICC form** rail group

By Andrew Taylor,

**GENERAL Electric Company** (GEC), Trafalgar House and BICC, three of Britain's biggest industrial groups, are joining forces to bid for some of the vary large privately financed rail projects being promoted by

the UK government. GEC announced that it is take an equal share in Eurorail, jointly owned by Trafalgar House the construction, property, shipping and hotel group and BICC engineering and con-

struction group. The emergence of the group ing comes as one of the strongest indicators yet of private sector enthusiasm for the government's sttempts to attract private funding into public

infrastructure. Eurorail said yesterday that it would seek to work with the government agencies in the development of the £2.5hn Channel tunnel rail link; the £2bn CrossRail project under London and a proposal to improve the main west coast railway line between London and Glasgow expected to cost at least £900m.

Lord Parkinson, a previous Conservative secretary of state for transport under, was yes-terday appointed chairman of

Lord Parkinson in 1990 rejected a joint hid by BICC, Trafalgar House and British Rail to huild the proposed high speed rail link between London and the Channel Tunnel because the public subsldy required by the companies was regarded as too high.

Ministers recently have adopted a more positive attitude towards joint ventures between private and public sector interests investing in infrastructure projects.

The addition of GEC to Eurorail will compliment the engineering and construction skills of Trafalgar House and BICC as well as providing access to GEC's financial strength.

The group owns 50 per cent of GEC Alsthom, the Anglo French railway engines, rolling stock and power equipment

## TV takeover code may change

By Raymond Snoddy

applications INDEPENDENT television industry's resistance to relaxing the rules on take-overs began to crumble yester-THE OIL industry withdrew day as the four biggest compaapplications for seven North Sea exploration blocks in nies were joined hy others supporting change. response to the government's

By the end of a 90 minute meeting with Mr Peter Brooke, the national heritage secretary companies controlling more than 70 per cent of ITV advertising revenue made it clear they were prepared to accept takeovers among the nine largest companies.

If there is to be a change in the ownership rules it would have to come this autumn. culation a minimum of 70 per

From January 1 European Community companies will be able to take over ITV compa nies subject to the approval of the Independent Television Commission.

The main casa for change

was put hy the four largest companies, Carlton Television, Central, London Weekend, and Granada Television. But they were later joined on a qualified basis Yorkshire and Scottish Mr Michael Green chairman

of Carlton Television, holders of the London weekday licence holder said after the meeting: The majority view, by my cal-

cent of ITV, stated that there was a need for change and the secretary of state certainly heard this loud and clear." The need for any immediate change in the ownership rules

was opposed by Anglia, HTV and Meridian Broadcasting. Mr Louis Sherwood, chairman of HTV, the ITV company for Wales and the West of England, told Mr Brooke he would rather his company was controlled from continental Europe or the US than Bir-

• Mr Richard Branson of the Virgin Group has proposed an imaginative radio frequency swop to the BBC to end the growing row over the fate of

The BBC has run into probiems over its plans to launch s 24-hours a day rolling news service on longwave and restrict Radio 4 broadcasts to the FM frequencies. This would cut off a much-loved radio service to those who do not have an FM radio, and continental listeners would no longer be able to listen to Radio 4 on longwave. Mr Branson has a different,

and he hopes complementary problem. In April he launched the UK's first national commercial pop station- Virgin Radio 1215 - on medium wave a frequency he believes is hardly suited for music.

## Lloyd's syndicates postpone cash calls

By Richard Lapper

MORE THAN a dozen Lloyd's syndicates are to postpone part or all of their calls for cash, softening the impact of record losses on the Names who provide the market's capital.

Lloyd's expects to report losses of up to £2.8hn for 1990, its latest underwriting year, next week.

industry and UK oil produc-Syndicates delaying calls for cash from Names include Cater Mr Eggar added that along with the withdrawals, some Allen 190, Barder & Marsh 62, companies had altered their Janson Green 79, Bankside 197, Methuen 483, Murray Laworiginal work programmes in rence 920, and Castle 1021. A

number of syndicates managed by Sturge Holdings, the market's biggest agency reported they would take similar action last weekend.

"Some Names will be able to defer all cash calls for 12 months. It is a very satisfactory development," said Mr Julian Crispin, chairman of Sedgwick Underwriting Agents, one of the largest members' agents at Lloyd's. The change is possible

because although syndicates must make a full provision against potential claims, payment is sometimes not made

for many years. Sturge said it had negotiated an arrangement with its bankers whereby they will provide a contingency line of credit if payment becomes due earlier than expected.

Meanwhile, it has emerged that five agents may not be prepared to continue managing syndicates into 1994 as a result of disagreement over elements of the Lloyd's business plan

introduced in April.
Charman Underwriting
Agency, Knightstone Holdings, Christofferson Heath, Atrium Underwriting and Hardy all gave notice to members' agents

before the end of last month. Several of the agencies are opposed to the imposition of an across the board maximum agency fee of 0.5 per cent.

Mr Roger Heath, chairman of Christofferson Heath which manages two of the market's largest motor syndicates, said his agency faces a sharp fall in income as a result of the changes to the fee struc-

The agency currently charges Names a fee of 1.75 per cent to help it meet higher expenses associated with motor underwriting.



ECONOMY OF SCALE: Eddie George, who becomes Governor of the Bank of England at the end of June, with a model of the City of London which is part of the Capital for Business Exhibition that opens today at Stanhope's Ludgate development

Creative investors today challenge their bankers to discover fresh

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opportunities within the constraints of currency, regulation and risk/return targets. Structured transactions offer highly flexible solutions. These investment instruments must be supported by a leading position in major financial centers, innovative technology and expert execution. Swiss Bank Corporation's globally networked Structured Transaction Group is dedicated to engineering customized Equity, Interest Rate and Foreign-Exchange-linked structured investments, 24 hours a day. Possibilities include returns of world equity indices, customized equity baskets expressed in major currencies, inverse floater, options on baskets of LDC debt or warrants on global government bonds. Named International Financing Review's "Warrant House of the Year" in 1991 and "Options House of the Year" in 1992, Swiss Bank Corporation offers clients a global platform for expressing their investment creativity. Please call us in Zurich: 411 223 5099, London: 44717112523, Chicago: 1312 554 5401 and Tokyo: 813 5473 5309.



Downing Street seeks course which would avoid both tax increases and severe cuts in welfare spending in budget

## Major seeks to end disarray over state borrowing

45 per cent had been affected

hy crime. Burglary was the most common problem affect-

ing 45 per cent of husinesses

which had been victims of

crime. It was followed by van-

dalism (31 per cent), theft (27 per cent), vehicle crime (24 per

cent), shop-lifting (17 per cent),

and fraud (11 per cent).

Foden signals

truck recovery

Foden, the Cheshire-based

truck maker owned by Paccar

of the US, has recruited 80

additional employees to cope

with what it describes as

sharply rising demand for its

The move, which increases

Foden's work force by 20 per

vehicles in the UK.

MR JOHN MAJOR'S office yesterday sought to put an end to cabinet disarray over the government's tax and spending policies by insisting it could reduce state borrowing with-out breaking its election pledges. Downing Street's stance reinforced

the impression that Mr Major wants Mr Kenneth Clarke, the new chancellor, to avoid both increases in income tax and draconian cuts in

Britain in brief

Commercial

values hold

Commercial property values bave stopped falling for the

first time since 1989, accord-

ing to a report by Hillier Par-ker, the firm of chartered sur-

veyors. It provides the first

statistical evidence that the

worst property recession for

age commercial property val-ues, which fell by 42 per cent

from their peak in 1989, have

risen by 0.2 per cent since

The greatest improvement

was registered in the retail

market, where values rose by

0.8 per cent, followed by the

office sector, where values rose by 0.1 per cent. Industrial

property continued to fall in value, with a decline of -0.6

1.5% pay target

The government's 1.5 per cent public sector pay limit faced its

first real challenge after it was

rejected by leaders of 500,000

local government workers who

fear the ceiling being extended

to next year.

Challenge to

The surveyors say that aver-

property

50 years is over.

welfare spending in the November budget. Senior officials stressed nothing has been ruled out ahead of the budget. But Mr Major appears determined to stress the priority of sustaining the economic recovery and of maintaining tight spending controls, thus downplaying the possibility of further tax increases.

The prime minister said last week that about 70 per cent of the £50bn-ayear deficit could be attributed to the impact on spending and revenues of the recession rather than to

cal workers who belong to

Nalgo, the poblic services union, called on the union to

campaign against the pay ceil-

ing and threatened a strike hal-

rejected criticisms by an

inquiry into the false starts at the Grand National in April.

but said starting procedures woold be changed for next

The world's most popular steeplechase, watched by

S0,000 on course spectators and millions of television

viewers worldwide, had to be

lot over the issue,

Aintree to

change start

"structural" imbalances in the government's finances.

His insistence yesterday on sticking to the manifesto followed conflicting ministerial statements on how the government might square the apparent circle between pledges to hold down taxes, increase spending and reduce borrowing.

In an apparent left/right split in the cabinet, Mr Michael Heseltine, trade and industry secretary. suggested at the weekend that preelection commitments could no lonBut Mr Peter Lilley, social services secretary, and Mr John Redwood, Welsh secretary, both rejected the idea that the government could

renege on its income tax pledges.

Mr Clarke will underline his determination to curb the borrowing requirement in his first keynote speech to a City audience at the Mansion House this evening.

On Thursday the cabinet is expected to endorse public spending ceilings for the next two years at least

World War.

MG launch

by Rover

sports cars in 1995.

recover from its most severe

recession since the Second

Rover is to re-enter the Euro-

pean sports car market with the launch of a new range of

small, competitively-priced MG

It reached agreement on an

innovative joint production venture with Mayflower, the

specialist UK engineering com-

pany, which will invest in the

MG development programme

and share in the profits. Code-named PR3, the new

MG sports car is expected to be a mid-engined roadster priced

Output is planned to reach

15,000 to 20,000 a year, and the

new range is also expected to be sold in Japan. It will be

powered at the top end of the

range by Rover's K-Series

engine in a new 1.6 litre ver-

sion, which is currently under

Rover, the motor vehicle sub-

sidiary of British Aerospace, is

seeking to resurrect one of the

world's best known sports car

marques more than a decade

after MG was killed off by for-

mer British Leyland chairman

Sir Michael Edwardes as part

of the rationalisation of the

then heavily loss-making, state-owned UK carmaker.

to return MG to mainstream

sports carmaking, a market

segment dominated in recent

years by Japanese carmakers

with products such as the

Mazda MX-5, following the ear-

lier demise of UK makes such

as MG and Triumph.

The new model is designed

from around £15,000.

development.

as tough - if not tougher - than the \$253.6bn and \$263.3bn cash totals agreed last autumn for 1994-95 and

Senior officials said that the prime minister's reaffirmation of manifesto commitments did not foreshadow any relaxation of the prospective squeeze on spending. The vague terms in which the manifesto was framed allowed latitude on both spending and taxation changes, the officials said. In theory, though not in practice, even a temporary rise in

sistent with the document. But in a significant change in rhet oric both Mr Major and Mr Clarke are now emphasising that the pre-eminent role in tackling the deficit

of sustained economic recovery. The implication is that the combination of resumed growth, the constraints on public spending already in place and the £10bn-a-year of tax increases in the pipeline will eventually bring down borrowing to sus-

#### **Spurs court** battle goes against Venables

t0

By John Mason. Law Courts Correspondent

MR ALAN SUGAR, chairman of Tottenham Hotspur, last night sought to impose his authority on the troubled football club after winning the first round of his legal battle with Mr Terry Venables, whose dismissal as chief executive was npheld by the high court.

Speaking with some bitterness, Mr Sugar said that be and his family had been put " hell" by Mr Venthrough ables and that the north London club would now be run on "correct" business lines.

As some fans threatened to hoycott ticket sales and the club was warned that several players might not renew their contracts Mr Sugar said finat Mr Venables had no future at Tottenham except in his role as non-executive director. "We don't want him at the club," said Mr Sugar, "and if I have anything to do with it, he's not

coming back at all."
Mr Sugar was speaking after
a senior High Court judge
rejected a bid by Mr Venables to extend the injunction preventing Mr Sugar and the Tottenham board from sacking

Hundreds of Spurs fans again demonstrated their sup-port for Venables cheering, elapping and chanting we'll support you evermore as he left court. Some said they would starve the club of ticket

Mr Venables insisted that he would pursue his court battle to force Mr Sugar to sell him his 47 per cent share in the club. Mr Sugar said he would fight that move vigorously. The legal battle between the two men will resume in the

antumn or early next

## Soft demand in **Europe threatens** export upturn

By Paul Cheeseright, Midlands Correspondent

FORTUNES in the engineering industry are being held back by softening demand in continental European economies, especially Germany, and the competitive advantage created by last September's devaluation of sterling is being dimin-

These are the conclusions of a survey carried out by the Engineering Employers' Federation, who surveyed 470 companies in the West Midlands. The survey shows that although the proportion of companies reporting a rise in domestic orders rose to 46 per cent in May from 36 per cent in February, a reverse trend has started for export orders. Last February 30 per cent of companies reported an increase in export orders; this has now

slipped to 27 per cent.
"Recovery will be muted if major export markets are moving in the opposite direction to our own," warned Mr David Botterill, chief executive of the regional EEF.

He said that the competitive position of engineering companies in European markets has been enhanced by sterling's devaluation, relatively low labour costs and by the growing readiness of German companies to seek supplies in

Inflationary pressures at UK factories remained subdued lest month as sterling's relatively strong performance in May kept raw material prices from rising. Seasonally adjusted provisional figures show that prices of raw materials and fuel purchased by manufacturing industry rose 0.2 per cent between April and May after a 0.8 per cent decline the previous month.

that, on the basis of the ERF's own information. German companies are attempting to reduce their own costs by putting pressure for price reductions on suppliers. Despite the problems in Europe, 48 per cent of West Midlands engineering compa-

nies, compared with 42 per

cent in February, have growing orderbooks. This has been translated into a greater use of factory capacity and, for the first time since summer 1989, save for a blip after the 1992 general election, raw material stocks have

shown net growth. Although higher purchases of raw materials may reflect confidence, some companies appear to have been accumulating stocks to avoid anticlpated rises in import costs following sterling's devaluation.

him as chief executive: lower cost markets. He noted

> Mr Eric Hall, Mr Venables commercial agent who also represents several Spurs players, said after the hearing: "I represent about 12 players at Tottenham Hotspur and they've all told me in the last couple of days that they certainly will put in for transfers and leave Tottenham Hot-

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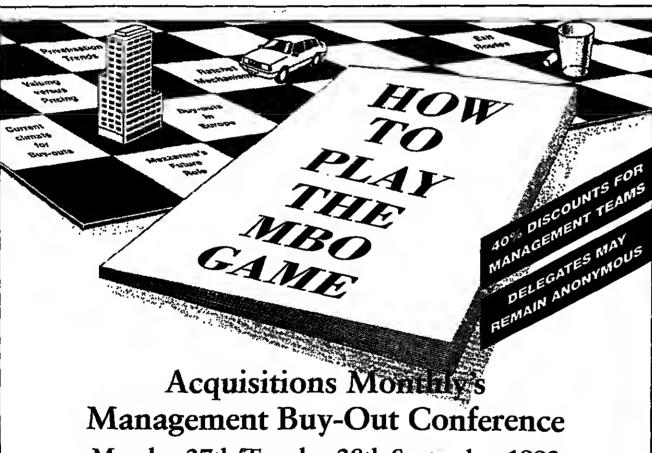
Much of this information is simply unavailable elsewhere and will be of real practical everyday use to anyone intending to do business in Russia, as well as legal, financial, accounting and other

The Guide to Registering Companies in Moscow is available exclusively from Financial Izvestia to order your copy, see below.

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1993 is likely to provide a greatly improved business climate to the hostile environment of the previous two years. Right now MBOs are increasingly seen as a convenient way of realising corporate funds as well as an opportunity for successful management teams to build a corporate entity of their own. The risks and returns of MBOs will be dissected at this major conference,

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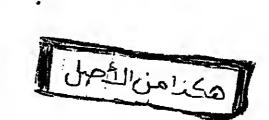
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## Aiming to ease conflict

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ommercial disputes fre-quently drift into legal proceedings which can be costly and wasteful in terms of management time and damaging to goodwill between the people

But there is another method of defusing conflict, known as alternative dispute resolution. Suggestions of how and when

to use ADR are contained in a new guide\* by Alex Roney, legal adviser to the London Chamber of Commerce. ADR may not be suitable in every case, particu-larly if there is a link between the dispute and further claims, but it does offer the advantages of speed, privacy and a reduction in the amount of acrimonious discussion, says Roney. If it does not work the parties can then resort to conventional litigation.

Alternative dispute resolution may involve conciliation, in which a neutral third party encourages the two sides to reach agreement or mediation, where the third party plays a more interventionist role.

The two sides to the dispute can stage a mini-trial or executive tribunal where both parties present their case before senior executives from the two sides and a neutral "expert".

How do the costs of ADR compare with formal litigation? The guide compares the costs involved in a disputed claim of £15,000 in a county court, a £100,000 claim before the high court and a claim settled by ADR. The costs involved in ADR will be broadly similar almost regardless of tha amount claimed, it says.

The costs involved in county court litigation would be between £5,000 and £7,500, in high court action between £8,000 and £15,000, and under ADR, assuming mediation takes ona business day, between £3,300 and £4,500, Roney calculates.

\*Alternative Dispute Resolution. 31 pages. £10. London Chamber of Commerce, 69 Cannon Street, London ECAN 5AB. Tel: 071 248

**Charles Batchelor** 

very month or so for the past two years Christine and Malcolm Bolton have closed their small Grimsby electroplating business on a Friday afternoon and joined their six staff for a few hours at a local hotel.

It is not a social event. On the agenda might be a discussion on the latest profits forecasts, a brainstorming session on how to tackle technical problems arising from a new order and whether the premises meet health and safety rules.

The meetings are part of wider hanges at Riverside Electroplaters which have helped the company become more efficient, produce a better-quality service and increase turnover and maintain profits at a time when profit margins in the sector are being squeezed

The catalyst was the company becoming committed to, and then qualifying for, a government stan-dard called "Investors In People".

IIP was developed by the Department of Employment with help from buman resource development experts. It is administered in England and Wales by the 82 Training and Enterprise Councils, which this year will receive £10m of government money to promote what is their main weapon for improving the training of people in work in Scotland the schema is administered by the 14 Local Enterprise IIP has had a big impact at River-

side - including savings on the bottom line. A larga order worth £40,000 was nearly rejected because Riverside could not afford special processing equipment. An employee at a monthly meeting suggested modifying existing equipment. It cost £200 and Riverside won the order. "We have and are still having a tough time because of the reces sion," says Christine Bolton. "If it had not been for IIP we probably would not still be in business."

Viewed by many small businesses as just another big government pro-gramme, with all the attendant bureaucracy, the IIP standard has been slow to take off. Yet experts agree it provides one of the most useful check lists, based on best practice, of what companies should be doing on staff development.

The standard is not an award for spending large sums on training. Rather, assessors acting for the · Have goals been set for a busi-

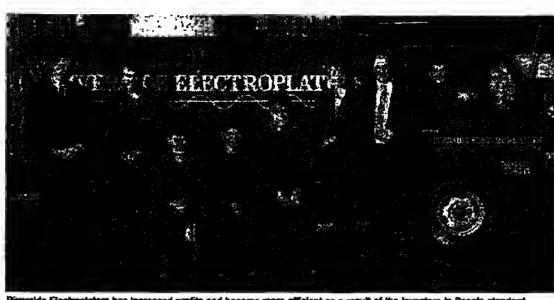
· Have these been explained to workers? Have workers the right skills to meet those needs?

ated against the performance of the Riverside, with six employees, is the smallest company to have achieved the IIP standard and takes

· Has the investment been evalu-

Lisa Wood examines a government standard which aims to improve the training of employees

## A wider view for the workforce



Riverside Electroplaters has increesed profits and become more efficient as a result of the investors in People standard

pride of place in Department of ing out what it needs. Among the Employment publicity. According to the department, more than half of the 253 companies that have been awarded IIP status employ fewer than 200 people. It is unlikely that IIP would be appropriate for a company any smaller than Riverside.

IIP's impact on recipient companies has yet to be formally evalu-ated. Case examples provided by the department bring ringing endorsements. However, Riverside did have some problems gaining the standard and other small companies could encounter similar ones.

The higgest initial obstacle at Riverside was comprehension. "We did not really understand what it was all about at first," says Christine Bolton, who with her husband and several other local businesses was invited to presentations by the Humbersida Training and Enterprise Council nearly three years ago when IIP was being piloted. "It is very difficult for somebody to get across what 'relating training to

your business plan' really means." Some Tecs have been better than others at promoting the standard and providing their staff with skills for going into a business and findbest Tecs is Gloucestershire Tec which has given IIP top priority. London Tecs are among the worst. There wera teething problems at Humberside. Riverside was asked,

for example, to do an action plan at time when it had only a very basic business plan - the sort that is produced for a hank. "We wrote things like 'We must work out a staff appraisal plan by such and such a date' but it really did not mean much to us," says Christine

Humberside has refined its approach over the past two years and now an applicant for IIP would immediately be offered diagnostic work to discover its problems and wbether or not it had the basics, such as a business plan.

Similarly, changes are being made nationally to the way the standard is presented, with a new guide\* for small businesses to be published this month.

The next obstacla for the Boltons was time, and attendant costs, "It took us two years to get the standard and the time commitment was enormous," says Christine Bolton.
"First of all there were the meetings

when the schema was explained. Then there was the detailed work, much of which we did at bome, and the half day every mooth that we spend with the employees. Wa do know companies that have dropped out of trying to do IIP because they could not afford the time."

Riverside says it is difficult to assess the full costs. In common with many of the early recipients of IIP, the company received a lot of help from its local Tec, including a grant for a consultant who paid six two-hour visits. Most Tecs provide grants or matching funds for consultancy and many provide lists of approved consultants.

Humberside Tec estimates it would now cost about £3,000 for a company of Riverside's size to achieve the standard. Riverside cost a bit more as it was a pilot. Peter Fryer, chief executive of the Tec, says: "We were learning from them and vice versa."

Costs include the formal assessmeot by a Tec representative. Fees average around £300 a day, with small businesses probably requiring two to three days' formal assess ment time. In most cases Tecs, which are very keen to get compa-

nies on board because they have targets to meet, will negotiate fees. The Boltons wrote their own business plan after taking advice from Humberside Tec. "Our basic plan had been a series of boxes with headings," says Christine Bolton. "In our new plan we relate them to each other - like productivity having a relationship to training."

The plan she says was essential.

"It's when you are specific about a goal that you are able to ask yourself whether you have the skills needed to get there and, if not, how can you work towards that." At Riverside this resulted in some off-thejob training, such as everybody attending a fork-lift truck course in order to provide a flexible work-force, to a considerable amount of on the job coaching by senior staff. Christine Bolton says improved

communications with staff grew from this process. "How can you expect people to work towards a corporate objectiva if they don't know what the plan is," she says. One employee told the assessor: "I've never known a place like this they listen to you." Another said: "They don't just tell you what to do and how to do it but why." Riverside's ultimate problem was

bow to measure improvements. "If you are a big company, producing something like fish fingers, it is easier to measure things than if you are a little one like ours doing jobbing work," says Christine Bolton.

She gives the example of the zinc barrel plating line where an aim was to improve productivity. The consultant suggested they used the rejection rate as a measure, something the Boltons had not thought of. Taking this idea further they designed a new system whereby employees on the line measured their own rejects and the information was made public every week. Previously quality assurance was done separately. Rejection rates have dropped from 25 per cent to 2

Christine Bolton says the setting of targets has brought benefits she had never envisaged. "The consul-tant suggested we measured debtor days and I had targets to reduce them. We have very few bad debts now. Why? Because I get to know the person responsible for the payments and build up a relationship." The search for some magical sys-

tem of cost-benefit analysis is a common problem, according to Sue Webb, a national assessor. "But evaluation can be very simple," she says. "If you want somebody to improve their report-writing skills and you send them on a course you just evaluate their progress by whether they do fawer drafts. It can be as easy as that."

\*The Small Business Tool Kit is available from all Tecs.

## **Small** firms warned

mall and medium-sized firms in Europe have enjoyed dynamic growth but now face tougher competition from larger companies following the creation of the single European

This is one of the findings of the first in a planned series of annual reviews of the smaller firms sector in Europe. The European Observatory for Small and Medium-Sized Enterprises\* is compiled by academic researchers in the 12 member countries.

In the short term the single market is expected to reduce delays and red tape following the removal of customs checks at borders and the harmonisation of technical standards. But some formalities have simply been shifted on to businesses and there is a strong risk that smaller firms will not fully reap the benefits in practice the review warns.

In the medium term the creation

of larger markets and more trade will increase competition from new entrants, often larger firms, in many traditional markets. In manufacturing sectors where small firms have been unable to exploit economies of scale they may lose market share.

The number of small firms in manufacturing and distribution will probably decline. By contrast, the creation of a larger market place will create opportunities for further specialisation and new business initiatives. This will prompt the creation of new companies offering innovative products and services but will also lead to higher failure rates.

Almost 99.9 per cent of the 15.7m businesses in the EC are small or medium sized and they employ 70 per cent of the total workforce. There are 14.5m micro enterprises (employing up to nine people), 1m small firms (between 10 and 99 people) and 70,000 medium-sized businesses (from 100 to 499 people). There are only 12,000 companies

Pree summary from Warwick Business School Centre for SMEs. Tel. 0203 523741. Full text - 437 pages, Ecu 60 (£47) plus VAT - from EIM Dutch Research Institute for SMEs Tel. +31 79 41 36 34

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High Court of Justice for the conflemation of the
reduction of the Share Premium Account of the above-samed Company by E3,276,593. AND NOTICE IS FURTHER GIVEN that the said Polition is directed to be heard before Mr Registrat Buckley at the Royal Courts of Justice, Strand, London WCZA ZLL on Wednesday 23 Justs 1993. ANY Creditor or Stateholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said petition will be farnished to any such person requiring the same by the under mentions milebos on payment of the regulated charge fo

the stanc. Duted that I lith day of June 1993 Berwin Leighton of Adelaide House

Loadon Bridge Loadon EC4R 91IA Ref: IL/P599/5 Tet: 071-623 3144

Solicitors for the above-moned Company

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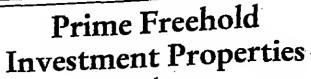
offer for sale, on a going concern basis, in whole or in part, the business and assets of A.C. Leigh Limited. Architectural Ironmongers, also trading as Rubert Coppen. Key features include: Annual turnover in the region of 12.9 million

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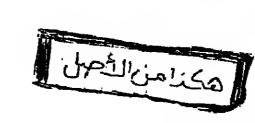
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## Jurisdiction of EC courts revised



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Transfer

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On June 8, the EC Council of Ministers adopted a decision extending the juris-diction of the Court of First Instance to all direct actions brought by natural or legal persons. The decision follows

COURT a request by the European Court of Justice in October 1991 for the CFTe jurisdiction to be extended.

At present the jurisdiction of the Court of First Instance is limited to

competition cases, cases involving staff of the European Community institutions and certain cases under the European Coal and Steel Com-munity Treaty.

The effect of the decision will be to set up a proper second level of jurisdiction within the Community legal system and allow the quality and effectiveness of judicial review in the Community to be main-tained. The ECJ will be free to concentrate on its main tasks of ensuring the uniform interpretation of Community law and safeguarding the institutional balance within the

It is also hoped that relieving the ECJ of the burden of hearing direct actions will speed up the time it takes to decide cases, particularly preliminary references on points of law from national courts, which will still be heard by the Court of

The decision will come into force on the first day of the second month after publication of the decision in the Official Journal. This should mean it will come into force on September 1, except for anti-dumping cases. The actual date for the transfer of jurisdiction in anti-dumping cases has yet to be agreed by the Council After September 1 all direct actions brought by natural or egal persons must be brought in the CFT; cases pending before the Court of Justice will also be transferred to the CFI after that date.

#### Greece in breach of obligations

The failure of Greece to abide by a European Commission decision calling for the repayment of illegal state aid could not be excused on the grounds that one of the ways in which the aid could have been repaid was contrary to the Greek constitution, the Court of Justice

ruled last week. The case involved a Greek law

under which company profits arising from exports were exempt from a certain tax. The Commission decided this was unlawful state aid and ordered it to be repaid. The Greek government did not challenge the decision but the aid was not repaid. The Commission brought an action against Greece for breach of its Rome Treaty obli-

should he leave the current system

Time is not on his side. When the regulation was adopted by the Council of Ministers in December

1989, a legal obligation was imposed

on the European Commission to review two of its aspects before the

end of 1993 – the turnover thresholds, above which the Commission

has exclusive competence to investi-

gate mergers; and, the article 9 exception under which the Commis-

sion can refer cases which affect a

distinct national or regional market

back to national competition

A proposal to change the turn-over thresholds can be adopted by the Council on the basis of a quali-fied majority, but, as Mr Christo-pher Bright, a partner with City

solicitors Linklaters & Paines points

out, only if it is made before the beginning of 1994. Afterwards, una-nimity will be required as it is for

all other changes to the regulation.

Given the stormy history of the

regulation (it took 16 years to get it

adopted) unanimity on change is unlikely. So if Mr Van Miert wants

to change the thresholds, he may

have to act this year. For practical

purposes that means any proposal for change must be put to the Coun-

His dilemma is a very real one.

The presumption recognised at the

time the regulation was adopted was that the thresholds would come

down after three years, thereby

increasing the number of mergers

At present if the combined world-wide turnover of the companies

involved in a merger or a struc-

tural" joint venture is Ecu5bn

(£3.95bn) or more, and the aggregate

EC turnover of at least two compa-

nies involved is Ecu250m or more

each, then the merger would be

dealt with by Brussels. Below those

thresholds, or if each company has

more than two-thirds of its EC turn-over in one EC country, mergers are

to be dealt with by national authori-

ties. The presumption in 1989 was

that the main threshold would be

reduced to Ecu2bn and the EC

threshold would come down in pro-

Mr Van Miert recognises that low-

ering the thresholds in this way

would not only run counter to the increased emphasis on subsidiarity,

but also that it would be opposed by

Germany France and the UK.

portion to Eculoom.

cil by mid-July at the latest.

examined by Brussels.

unaltered?

authorities.

The Greek government argued the Commission deciston was unlawful and in any event impossible to carry out. It said repayment of aid would have to take the form of a retroactive tax which was incompatible with the Greek constitution\_

The court ruled that, as Greece had not challenged the Commission decision, the only available defence was that it was impossible to carry out the decision correctly.

However the court rejected the arguments put forward by the Greek authorities because they were based exclusively on the hypothesis that the only way repay ment could be made was by imposition of a retroactive tax. The Greek authorities were simply under an obligation to ensure the companies which had received the aid repaid it. There was no requirement for the imposition of a retroactive tax.

The court said the companies could not plead that the obligation to repay the aid was in breach of their legitimate expectations as such a possibility would deprive the Rome Treaty's state aid provisions

The court said that in cases such as this member states were under an obligation to collaborate with the Commission in good faith in order to overcome the practical difficulties of ensuring repayment. C-183/91: Commission v Greece, ECJ FC, June 10 1993.

#### **Opinion in PVC** case delayed

The opinion of Advocate General Walter Van Gerven in the PVC appeal case due last week has been ont back to June 29. The appeal brought by the Commission challenges a decision of the Court of First Instance which ruled that the Commission's original decision in the PVC case did not exist because of procedural irregularity. C-137/92-P: Commission v BASF.

BRICK COURT CHAMBERS, BRUSSELS

#### y the end of June, Mr Karel Van Miert, the new EC competition commis-Thresholds of sioner, must take what is likely to prove one of the toughest power recommend changes to the rules of the EC merger regulation to give Brussels greater powers to vet large EC mergers and risk upsetting Ger-many, France and the UK? Or

Robert Rice examines controversial proposals to give Brussels greater scope in vetting large mergers





peting views: EC commissioner Karel Van Miert (left) favours change; Sir Bryan Carsberg, UK director of fair trading, is believed to be opposed

Sir Bryan Carsberg, UK directorgeneral of fair trading, is believed to feel an increase in Brussels' jurisdiction over mergers is premature. Equally, the Bundeskartellamt, the German cartel office, believes it is too early to make a judgment on change. France, infuriated by the blocking of Aérospatiale-Alenia's 1992 bid for De Havilland, the Canadian aerospace company (the only deal to be blocked under the regulation so far), wants higher thresholds to scale back the Commission's

Against that view the European Parliament has already formally stated that it favours reducing the thresholds. Similarly, the Commission's Economic and Social Committee has queried whether the thresh-

olds are unduly high.

Research by the Commission among the EC's 300 leading companies and among industry organisations shows industry generally in favour of threshold reduction because of the advantages the regulation offers of "one-stop shop" merger control and rapid clearance of deals. The German industry organisation, Bundesverband Deutscher Industrie, is particularly in favour of threshold reduction.

The precise impact of lowering the thresholds in terms of increasing Brussels' power is difficult to

gauge. The Commission is known to be concerned that mergers likely to have a big impact on competition throughout the EC have slipped

The Reed/Elsevier publishing merger last year created the largest publishing group in the EC and second only to Dun & Bradstreet at world level. Yet the companies comhined worldwide turnover was only Ecn3.1bn and so the deal escaped scrutiny by Brussels.

ICI's swap of its polypropylene activities for BASFa acrylic glass activities increased ICT's share of certain EC market segments to more than 40 per cent, but the deal escaped scrutiny because BASF's acrylic activities had an EC turnover of only Ecu165m.

In 1992 when Fried Krupp bought Hoesch, it created one of the world's largest steel producers with EC turnover of Eculobn. The merger required notification in Germany, France, Italy and Spain, but because both undertakings had more than two-thirds of their EC turnover in Germany, the merger was excluded from the scope of the regulation. The Commission says these are

not isolated cases. The survey of the 300 companies suggested that if the thresholds had already been lowered as envisaged a further 53 cases would have fallen under the regula-tion since it came into operation in September 1990. Twenty of them would not have been notifiable to the Commission if the current twothirds rule was maintained.

Based on these figures the Commission estimates that the extra number of cases falling under the regulation each year if the thresh-olds are lowered would vary whether or not the two-thirds rule was also abolished. If it was abolished, the Commission estimates an exira 75 cases a year, but only 50 if the rule was kept. If the EC turnover threshold was

kept at Ecu250m, as favoured by industry, the number of extra cases would be much smaller.

This projected shift in power to Brussels is sufficiently modest to persuade a number of senior Commission competition officials that an attempt to lower the thresholds should be made. Mr Philip Lowe, the new head of the merger task force, is believed to favour a reduc-tion Mr Van Miert vicered by Phys. tion. Mr Van Miert, viewed by Brussels insiders as extremely cautious, is hedging his bets until he knows more precisely the extent of the trade-off which would have to be made to win the backing of the Germans, French and British.

For Germany and Britain the price is likely to be a relaxation of the article 9 exception to allow more cases affecting distinct national or regional markets to be dealt with by national competition authorities. So far there have only been five requests for referral back under article 9 and only one has been granted (Steetley/Tarmac). Even with a doubling of the num-

ber of cases handled by Brussels following a reduction in the thresholds the number of article 9 requests is unlikely to increase by more than nine a year. EC industry on the other hand appears implacably opposed to an enlargement of the scope of article 9. A change to article 9 is only likely if the thresholds are reduced.

Competition experts warn against over-concentration on the issue of thresholds. There are other important changes which should be made to the working of the regulation. By increasing the transparency of the Brussels' decision making process, some of these might be acceptable to the Germans as a trade-off for lower thresholds.

Mr Bright says that allowing the Commission to accept undertakings by companies during a one-month st-stage investigation, and to publish proposed undertakings so that third parties can comment before a final decision to accept them is made, would be "a big step forward in terms of transparency and thirdparty rights". The time has come for Mr Van

Miert to show his hand.

#### LEGAL BRIEFS



#### US patent action poses threat to computer makers

r Harry Aine, a US to ventor and lawyer, has launched a patent petition with the US International Trade Commission which, according to lawyers defending the action, could cripple the multi-billion dollar personal computer industry.

Mr Aine owns a patent taken out in 1987 for a process by which metal disks for hard disk drives are coated with a protective layer of pure carbon. With the help of Chicago law firm Kirkland & Ellis, Mr Aine is pursuing 20 foreign and US-based disk and disk-drive manufacturers which he claims are infringing his patent.

According to the US National Law Journal, the list includes Seagate Technology and Digital Equipment of the US, and Asahi Komag of Tokyo, but not **International Business Machines** which has been licensed by Mr

In his petition lodged at the end of March, Mr Aine asked the ITC to ban permanently the entry into the US of all disks, disk drives and computers that infringe his patent. He told the ITC that an estimated 6.53m infringing disks were produced a month by non-licensed companies. Under FTC rules the Commission must rule on the case within one year.

#### Esop model deed

he UK's Esop Centre has published a standard trust deed for case-law employee share ownership plans (as opposed to statutory Esops established under the 1989 Finance Act) which are used by quoted companies mainly in order to acquire in advance shares which will be needed over the years for employee share schemes. The deed was drafted by Robin Tremaine, a tax partner with Clifford Chance, The model deed has Inland Revenue

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Dated 15 June 1993

#### **LEGAL NOTICES**

IN THE HIGH COURT OF JUSTICE

No. 005133 of 1993

IN THE MATTER OF HAVELOCK EUROPA PLC AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 9th June 1993 reseated to Her Majesty's Court of Justice for the confirmation af the eduction of the Share Premium Account of the abovenamed Company by the sum of £2,926,000.

AND NOTICE IS FURTHER GIVEN THAT the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 23rd June.

Any creditor or shareholder of the said company desiring to oppose the making of an order for the confirmation of the said reduction of Share Premium Account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermeatianed solicitors on payment of the regulated

Daied the 15th day of June 1993. Morrison Skirrow of 63 Queen Victoria Street, London EC4N 4ST, Solicitors for the abovenamed company. Reference: KMD/BPF

Appear in the Financiel Times on Tuesdays, Frideys end Saturdeys.

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## Keeping tabs on thieves

very time you bny an electric drill or a pair of shoes, part of the price covers "shrinkage", that retailing euphemism for theft. One problem for retailers is that about 35 per cent of thefts (total thefts cost between £2.5hn and £3.5hn a year in the UK) are carried out by their

Eliminating employee pilfering is one advantage of a system being developed in the UK which has united retailers, equipment manufacturers and packaging companies under the auspices of the Centre for Exploitation of Science and Technology. The project's purpose is to develop a way of tagging items during the mannfacturing process, in such a way that would-be thieves cannot distinguish whether an item is tagged or oot

Source tagging would also eliminate the time-consuming task of attaching electrooic article surveillance (EAS) tags once the goods reach the stores; one type of tag could be used to protect everything from tea bags to CDs.

Cest's Martin Swerdlow says that the present worldwide market for EAS equipment is worth \$350m-\$500m (£227m-£325m) a year. He predicts, however, that if source tagging takes off the market will grow to \$10hn-\$20bn within five years.

Cest has already produced a "road map" for the development of source tagging and the first element, the 20-micron wide sliver of magnetic tape which will be incorporated in prodocts, is available at less than 1p per item. The task now, says Swerdlow, is to look at the best way of Insetting the tape into plastic, cardboard. paper and eveo metal.

Once the tag is in place, It can be activated by orientating the magnetic strip to emit a signal. This is picked up by equipment at store exits if goods are stolen. With legitimate purchases the tag, which is positioned near the bar code, is deactivated - switched off - when the assistant reads the har code at the point of sale. A full demonstration system

should be in place at a CWS store

io Slough, Bnckinghamshire in

very morning, in common with millions of other peo-ple around the world, researcher Walter Bender reads his daily newspaper over breakfast. But the publication, nicknamed Bender's Bugle, is far from

the usual daily read.

It really is his very own newspaper, delivered to his personal computer and reflecting his tastes and interests. The tailor-made publica-tion is assembled overnight from the near-limitless choice of words available in electronic form from the news agency databases of Asso-ciated Press. Reuters and Dow

Bender is interested in cycling, so the computers pick out cycling articles and put them on his front page alongside news of world events. Bender is a researcher at the Media Laboratory at the Massachusetts Institute of Technology and one of a group which has launched a far-reaching programme of research on news in the future.

Uoderlying 14 projects - ranging from computers that can "understand" and select the news, to the use of oews as a tool for learning are two propositions: that the era of mass media is giving way to the era of personal choice: and that ail media, whether television, radio or print, are being driven together hy digital technology and turned into the equivalent of bits of computer information.

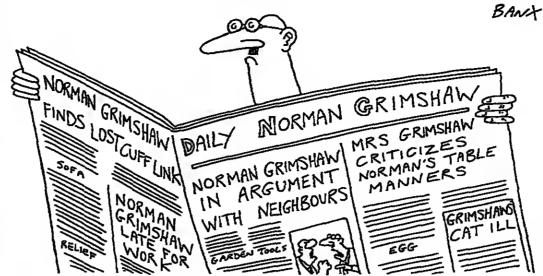
All media organisations, according to Nicholas Negroponte, director of the Media Laboratory, are now in "the bit radiation business". Work is already under way on the practicalities of delivering personal-ised newspapers in the form most people would like them - words printed with ink on paper and laid out in a form resembling a conventional newspaper,

The Media Laboratory is trying to develop reusable paper so that newspapers can be printed in the home in large format. "You want 15 magical pieces of natural paper and when you've finished today's paper you stick it back in the machine and it erases today's paper and

prints tomorrow's. "There's going to he a huge uproar over the next four or five years about dead trees. And printing in the home is not necessarily going to be more expensive than current delivery systems," he

He first proposed founding the Media Lahoratory in 1978 in the belief that the worlds of computing, publishing and broadcasting would converge. By the time \$50m (£32m) had been raised to start the venture in 1985, many of the things he had predicted were already beginning to happen. In particular the wide-Della Bradshaw spread use of personal computers.

Making PCs easier to use and



## Reinventing the media

Computers, telecoms and publishing are converging, says Raymond Snoddy

ity of the words that appear on computer screens has also been one of the underlying themes of the Media Laboratory's work.

Funded 80 per cent hy industry and 20 per cent by the US govern-ment, the Media Laboratory has 75 sponsoring companies, including the largest names from the world of media, computers and telecommunications. They include Knight-Ridder and Reuters, Apple and IBM, BT and Deutsche Bundespost.

any of the dozens of ideas under investigation at the laboratory's elegant head-quarters in Cambridge, Massachusetts involve the admittedly futuristic. One long-term project involves holographic video. Already, researchers using large-scale computing power can project and manipulate the holographic image of a car. Within five years or so the technology could he used in medicine to display images of the human

Other work is more immediate. Media Laboratory researchers contributed some of the sophisticated code which controls the movement of the dinosaurs in the compact disc game being released with Jurassic

improving both the design and clar- Park, the new Steven Spielherg

Researchers were dismissed as "nuts" when they proposed putting computing power into childrens bricks. Now this is the basic of a

successful programmable toy.

The laboratory's researchers also claim a contribution to the development of PS/2, IBM's top-of-the-range PC. "I can open a PS;2 and point to circuits that came out of the Media Laboratory." says Negroponte.

Even though not all the ideas gen-erated by the Media Laboratory will find their way into products, many heavyweight industrial backers are happy to pay their share of the \$12m-a-year running costs, just in case. As sponsors, they have access to the venture's work.

There are few serious media organisations which are not watching closely the convergence of computers, telecommunications and broadcasting in a new digital world and trying to work out the implications for their businesses.

According to Negropoote, every computer company at the higher eod of the market is now involved in multi-media, while television manufacturers are also putting more computing power into their

÷

But in the hroadcasting equipment market, he believes the computer companies will emerge victorious over traditional manufacturers. "In five years' time, you will go to broadcast studios and see logos that say IBM and Digital Equipment; you won't see Ampex or Grass Valley. They don't bring anything to the market any more, You are not doing video any more, you are doing general signal process-

ing." says Negroponte.

He predicts that hundreds of new television channels and the ability to squirt film down telephone lines will create a video-on-demand husiness worth \$200n a year in the US alone. Forecasting is not, however, the way Negroponte describes what the Media Laboratory does. "The best way to predict the future is to invent it. We are not forecasting. We hulld working prototypes. The

200 people here are inventors."

This includes the Media Laboratory researcher who, Negroponte says, has just discovered how to put 5.000 hours of piano music on a single compact disc. Negroponte has told the researcher ne will probably have to live the rest of his life with Fatwa-threatened author Salman Rushdie if the music industry finds

Geoffrey Davies looks at developments in the newsroom

## Tape hits the cutting floor

B roadcasting from tape could soon be a thing of the past as television stations make increasing use of computers and special software to replace tradi-

rional tape technology. New tapeless editing equipment, developed with the help of the British Broadcasting Corporation and Cable News Network of the US, is being launched at this week's hi-annual TV equipment show in Montreux, Switzerland.

Called the "NewsCutter", and produced by Avid Technology, it is a full news-style edit suite of tape machines and monitors on an Apple computer which is capable of broadcasting directly to air. Both the BBC and Independent Television News, its UK rival, are evaluating the product and Avid hopes other European broadcasters will show a strong interest.

Avid's equipment works through the compression of digital pictures, with data squeezed into ever smaller spaces on hard disc. It then uses other software to allow editors to call up pictures instantly from disc.

Based in the US, Avid is prominent in the tapeless editing mar-ket. It will shortly open a European service and distribution centre outside Dublin.

Avid's move into broadcast news has been helped by a part-nership with Silicon Graphics of the US to provide equipment which allows video to be swapped between different machines in the newsroom.

The process of editing video on disc is called "non-linear" because it is not done in a line, as with normal editing on tape. It is akin to moving paragraphs within a document on a word processor. Avid is one of several companies

selling into this growing market. But unlike competitors such as Lightworks and Eidos, both of the UK, which have tended to stay with commercials and broadcast programming, Avid is involved with both news and feature film production.

Stephen Crummey, vice-president of world sales and marketing, says there are more than 1,500 Avid machines installed world-

wide, 100 in Hollywood alone. Avid adapted its Film Composer for film use from the Media Com poser, which was designed for Pal or NTSC television standards. Based on a powerful Apple Quadra 950 computer, Film Composer transfers images from tape or film on to hard disc, a process called Sa

digitising". Shots are labelled using the keyboard and then read by the comouter as reference numbers, usually based on the time-codes recorded during shooting. Shots can then be laid out in the edited

order to run as a sequence.

To change the sequence, the film editor simply re-orders the sequence in which the shots are to appear. Once a shot is moved, it can be viewed instantly in its new position. When the edit is agreed the list of edit numbers is taken on a floppy disc and the originally shot material is then reassembled in the new editing order.

The Media Composer has 24 channels of compact disc quality sound which can be dubbed and mixed while the pictures are being edited. The completed sound track is then added to the edited pictures. The BBC's political programme, On the Record, has been working this way for more than a

But the big breakthrough for the industry is the ability to obtain broadcast-quality pictures directly from hard disc. This results from developments in video compression and disc speed. One second of broadcast-quality television represents 25 megabytes of data. This is compressed nearly tenfold to about three megabytes. Taped pictures which have been digitised can be held on removable hard drives of about 20 minutes

One impact of the technology will come in the area of cost. Avid's NewsCutter, costing \$50,000 in the US, is half the price of an equivalent edit suite. Also, the new equipment needs no special installation such as wiring and air conditioning. The BBC has already stopped using several edit suites since it first introduced non-linear editing.

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#### **PEOPLE**

## At 40 to Forte

The rejuvenation of Forte, Britain's largest hotel and restaurants group. continues with the hiring of United Distillers' Keith Hamill (below) as chief financial officer and finance

director designate. Last month. Lord Forte handed the helm to his son, Rocco Forte, and a handful of other directors, with over 200 years of service to the company between them, also stood down from the board. At the same time, the company has also been actively recruiting at just below hoard level over the last year or so. "It is a much more forward-looking group



than it was a year or eighteen nonths ago," comments Peter Hilliar, an analyst at BZW. Forte has arranged for a considerable handover period, as the current finance director, Donald Main, who has been in the job since 1981, does not retire until the end of 1994 when he turns 60. Main says he expects Hamill, 40, to move onto tha hoard as finance director at the heginning of next year, leaving him with time to devote to other areas. notably disposals. Meanwhile, colleagues at

United Distillers express no surprise that Hamill is off after Rank Organisation.

Philip Yea, the 37-year-old director of Guinness Brewing Worldwide, was appointed Guinness group finance director designate la a reorganisation initiated as Tony Greener took over as Guinness' chairman at the turn of the year.

Hamill was previously a partner of Price Waterhouse, engaged on the Guinness audit at the time of the scandal, joining the company full-time eighteen months after Ernest Saunders resigned. Analysts agreed that in addition to his accountancy skills, he had already demonstrated considerable commercial savvy, which would be important for his new role at Forte.

Of his workaholic reputation among Distillers colleagues Hamili says: "Now I have turned 40. I have set myself objectives of being less of a workaholic." He points out that he is keen to keep a variety of outside interests - he is chairman of the CBI financial reporting panel, a member of the urgent issues task force of the Accounting Standards Board (where Main is a member of the board), and is very active for his almer mater, Not-

tingham University. Main sits on the board of the Savoy, the luxury hotel group with which Forte has clashed frequently in its takeover attempts during the last decade. But he was non-com-mittal as to whether he would be stepping down in favour of Hamill. "It's so far away I can't really say" was Main's com-ment yesterday.

#### Harmon post

chief executive officer of Wert-helm Schroder, and a director of UK merchant bank Schroders, has been appointed a non-executive director of The



Lord Carrington has been appointed a non-executive director of Chime Communications, the holding company of public relations advisers Lowe Bell Communications Group. Lord Carrington was foreign secretary from 1979-82. He has just stepped down as chairman of Christies International and last year was chairman of the EC conference to resolve the Yugoslavian conflict. Chime Communications is chaired by Sir Tim Bell.

## Lloyd replaces Lloyd

Peter Lloyd. one of the founders of the insurance and reinsurance hroker, Lloyd Thompson, is to retire at the end of the year. He will be replaced by his namessake and co-founder, John

Lloyd.
Peter Lloyd. is 55, and will advise the group on its Norwe-gian marine husiness, while John Lloyd, who has held several senior positions within the group, will maintain his responsibilities for the group's energy accounts.

insurance moves ■ Kelth Moyle, finance and underwriting director. has been appointed general insurance director of TSB GEN-ERAL INSURANCE.

appointed md of BAIN CLARK-SON's international division. taking over from David Berliand who remains chairman of the division and deputy chairman of Bain Clarkson.

Group, has been appointed to the board of SWIRE FRASER. ■ Nigel Alexander has been

■ James Hnghes-Hallett, a

senior director of the Swire

appointed a director of DOMESTIC AND GENERAL

■ Martin Wibberley, previously director of human resources at Robert Bosch's UK subsidiary, has been appointed group personnel and organisa-tion director of ALLIED DUNBAR.

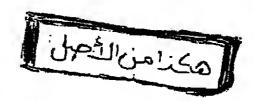
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# Saved, but only by its Bacon

William Packer finds the Venice Biennale an ill-assorted mess

extra year this time to get onto the odd numbers in readiness for its centenary in 1995. is larger than ever, not only in its various manifestations at sites across the city and out into tha lagoon, but also in the scope of its critical ambition. That is not to say it is any the better: indeed, it is overall an ill-assorted, uncritical and self-indulgent mess.

at

sroom.

in the days when the Biennale was more or less confined to its principal site in the public gardens of the Castello in a buge central pavilion surrounded by its satellite national pavilions beneath the trees, there was always the chance at least of a certain concentration of attention, if only for the sake of a reasonable comparative discrimination between the particular contributions. Even the bringing of Aperto, theselective international aurvey of younger artists' work, closer to hand at the Corderie might once have been seen in this respect as the bringing of an unruly offspring somewhat to heel.

But Aperto is irredeemably delinquent and unbiddable, devoid of talent or interest, merely thrashing around in the playpen of late 20th-century academic modernism, without even the possibility of some personal development that the everage playschool would offer up in modest justification. And increasingly the Aperto seems to set the tone of successive Biennales, the tail that wags

Achille Bonito Oliva, the new director of the Blennale, gives us "the cardinal points of art" as his curatorial theme, setting out "to document the transition within contemporary art from the concept of nomadism to that of the journey, wherein art's search for orientation in this epoch of epistemological crisis is conducted within its own points of reference". Well, we see what he means. Do your own thing and anything will do. Installation is the universal convention, and if you have a video screen to perk it up a bit, so much the better.

In any such jamboree, of course, there are bound to be beautiful and interesting things and I shall return to the matter and substance of the

he National Theatre's

Salisbury continues at the Birming-

ham Rep Studio with Syme, e curi-

ous, quirky play about dissent in

Inspector John Syme (1875-1945)

joined the Metropolitan Police in

1894, was suspended in 1909 and dis-

missed in 1910 over an incident

which set his own liberal practice

against the dictates of discipline

and duty within the establishment.

Syme saw the police force as e civil

organisation, and his dismissal as e

worrying gain for officialdom. He

wrote in 1925: "in the future...no

Babel Theatre won a London Fringe

award for Best Musical last year with Pin Money Opera. Now writer

Tina Jones and composer Warren

Wills have come up with Wedlock -

The Opera, which takes e mordant,

not to say apocalyptic, view, of the

run up to e wedding. Marriage ritu-

als have alweys provided good

material for studying contemporary hypocrisies. Add a touch of Lear.

with a singla parent and three

the police force.

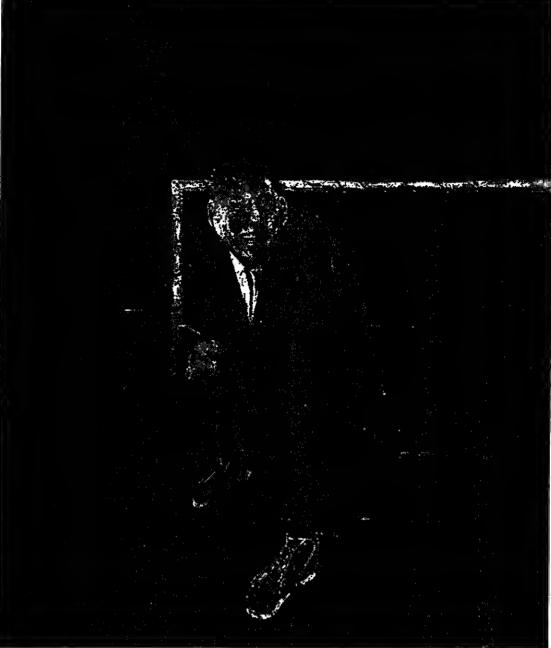
Springhoards restivat of new work in Leicester.

Liverpool, London and

his, the 45th Venice Blennale at the weekend. But of all the several features of the Biennale as it has developed over recent years, one seems more and more to he positive, useful and redeeming. The Omaggio, e tribute paid by the Biennale to e senior and distinguished artist, is given this time to Francis Bacon, who died a little over a year ago. David Sylvester, who himself has bean given a Golden Lion at this Biennale for his life's work as a critic and curator a unique eward in that he is not an artist - was asked to select the work, and worked with the British Council on its presentation.

Thank goodness for small mercies. The result is quite simply the outstanding exhibition of this Biennale, as indeed it would have been at a Biennale far better than this. It is by no means large, e mere 32 works in all, but it carries an enormous punch. For Sylvester managed to obtain the greater part of his desired selection and has included a significant number of the large triptychs. It is beautifully presented in the Museo Correr, in the Piazza San Marco, quite rightly centre stage. As a celebration of the achievements of a particular artist it holds its own not just in the context of the Biennale but in this, the city of the greatest painting.

More to the point, it is e show that effectively modifies, or rather shifts one's view of Bacon and his work. I had always felt that his standing as one of the truly great painters of the later 20th century rested upon his work of the first 20 years or so of his career, from the first small triptych of 1944, of figures at the base of a crucifixion, to the first Tate retrospective of 1964, of which Sylvester again was the curator. What followed was impressive and consistent enough to sustain his reputation, but did not exactly take it further. It was as though the range of his attention had narrowed - no more animals, popes, Van Goghs - the colour become more predictable, even decorative, the space curiously conventional and repetitive, the handling and description of his distorted and rising figures oddly safe and unad-venturous. In short, the work had become formulaic to a certain



Tribute paid to Francis Bacon: detail from his 'Self-Portrait', 1956

This show has made me think again, not so much to revise that view altogether but et least to recognise that in certain aspects of the later work the qualities of those first two great decades, the simple dark strength of the organisation of the pictorial space, and in particular its severe and essentially frontal presentation remained. And there are still to be found the simple authority of the imagery, and the raw energy of the painted self in its handling ecross the surface of the canvas. "Much has changed", as it were, "but much remains", the

under the hand of manifestly the same creative sensibility.

However, nothing has changed the extraordinary eutbority or the power to shock of those early works, represented here in remarkable force by a clutch - I use the word advisedly - of gaping, disem-bodied mouths, teeth bared and rearing all but physically out of the very stuff of the paint itself. There bas surely been no painting since Soutine in which the image and the fabric of the work are so bound in to each other - Van Gogh, Goya, Rembrandt, Titian: it is a long and

Bacon did not declare himself as a great artist until he was 35. He was in his pomp thereafter for nearly 50 years more, and was 83 when he died. He stood supreme in our time, yet curiously isolated as the last true surrealist, expressionist and, in his own peculiar way, romantic. There could be no better summary of his achievements than this exhi-

Francis Bacon. Museo Correr, Plazza San Marco, until October 10: sponsored by Seat Antomobile. The 45th Venice Biennale thronghout the city also until October 10

#### Theatre/Andrew St George "Rules is rules, Inspector Syme, and

## Springboards Festival: 'Syme'

work still charged and developing

Civil Servant will be safe if, in the Smollett. Syme was imprisoned 27 Anthony Clark, who gets versatile performance of his or her duty to the Community, he or she expresses an opinion contrary to some one in euthority over them." That is the

Between 1910 and 1931, Syme conducted e blazing public relations campaign for his innocence. It included 10,000 pamphlets to opinion-formers, and a deluge of fruit and veg pelted at the Home Office, rather like a bustings scene from

normality incarnate, is getting mar-

ried. Sister Kete (Anna-Juliana

Clare), gay, sensible, and very much

Rachel (Rosamund Shelley), whose

problems provide full employment

for a stream of social workers, plans

to use the ceremony for an act of domestic revenge. Mother Sylvia

(Pauline Monro) buries herself in

shopping and sherry. Will the cere-

mony draw the family together, or

the heroine, advises caution. Sister

times on various grounds, including lunacy. On each occasion he staged a hunger strike, as if the sentence were little more than a spell at Champneys. In 1931 he was retroactively pardoned and reinstated. During this time, this apparently inveterate convict founded the National Union of Police and Prison

Officers. This makes engaging if not dra-matic theatre, well directed by where, the barge-footed policemen are just jolly coppers on parade:

Wedlock - The Opera

provide the catalyst for radical re-

There is something about music

theatre which shrinks characters to

a single dimension. It is as if you

cannot sing and develop a role et

the same time. But the gain is that

however simple - not to say banal - the plot, the music can raise the

experience. Jones and Wills are not

over-ambitious but they have devel-

oped an attractive formula, which is

appraisal?

performances from all seven cast. Claude Close as Churchill, Peter Macqueen as Syme and Maria Gough as his tireless wife are particularly attuned to the times. The fine encounter between Syme and Home Secretary Churchill, standing at the top end of a sloping desk, manages e visual metaphor for social and political power. Else-

neither opera, nor pop, nor Andrew

Lloyd Webher. The songs are sim-

ple, but sometimes have e haunting

innocence, sometimes a haunting

power, and propel a broken backed

Despite yourself you get drawn

into this unlikely family, with more

skeletons in its cupboard than the

Black Museum. Of course, with the

predictable child abuse, infidelity,

and lies, the institution of marriage

has an air of Monty Python. In fact, Syme (written by Michael Bourdages) is in praise of wronged

eccentricity. Syme's sad history proves that the English love to revert to rules. And where traditions or customs are the rule of conduct rather than individual character, both individual bappiness and social progress are jeop-

has acquired responsibility for all the evils of our generation. Wedlock recklessly perpetuates the myth. Yet it delivers the message with passion. Su Bentinck's set at the Battersea Arts Centre, in which cupboards replace doors, is worry-ing rather than useful, but the piece spins the imagination, thanks to the

The play's 31 scenes march briskly forward to music hall and military bands. The tunes are so like de Souza's Liberty Bell and the designs (Ruari Muchison) so redolent of Terry Gillam, that the show

music. Warren Mills mans the piano; Anthony Cornish directs.

> Antony Thorncroft BAC 071-223 2223. Until July 4

## Opera/David Murray

## Benvenuto Cellini

ever more than e semi-success during Berlioz's lifetime, on Sunday in the Queen Elizabeth Hall his 1838 opéra semi-seria proved to be a marvellous tonic - as Chelsea Opera Group concert-performances regularly are. The Group's knack for choosing exactly the operas that will reward current ravival, and bestowing historical care and dramatic flair upon them in equal measure, makes their concerts indispensable fixtures in the London

Their Cellini was rewarding even beyond their excellent norm. It says a lot for a performance three-and-aquarter-hours long in concert dress without any pretence at staging, that it not only held the delighted attention of a full house but actually went from strength to strength. The COG has given the opera before, but only in the compromised "final" version that Berlioz accepted for Liszt's Weimar performances in the 1850s. This time they borrowed the fine Royal Opere recension, which restores most of the original Paris score but sensibly trims the spoken dialogue and the later reci-tatives.

From the Overture forward the conductor Adrian Brown's just tempi and energetic confidence were relisbable, whilst his foursquare rhythms and his disregard for the characteristic bated-breath pianissimi were a touch disappointing Something of Berlioz's volatile magic was lost. Yet in the end, energy won through: unhampered by the weight of e stage production, the score cantered along at a lively, natural pace, with satisfying variety and not a single longueur. The COG chorus was good as ever, if run slightly ragged in the quickest

The nine soloists, however, made e team of real distinction - boasting e level of French diction unheard-of hereabouts even ten years ago. In lesser roles, Michael Hart-Davis in roguish character. Berlio whined nasally but musically as the surely have been delighted.

fretful Innkeeper, and Lynton Atkinson and Martin Higgins brought alert character and cutting edge to Cellini's chief assistants. For his patron Pope Clement VII Brian Bannatyne-Scott's rich, ruminative bass served admirably.

Dour and funny, Jeremy White was no less stylish as the Papal treasurer Balducci, Cellini's unwill-ing father-in-law-to-be. As the son-in-law be would have preferred, Geoffrey Dolton's clever, idiomatic Fieramosca rose to heroic defiance in bia Act 2 aria. As Cellini's apprentice Ascanio the young mezzo Margaret McDonald cut an irresistible figure in breeches, dis-played a remarkable vocal range and made a buge, unabashed success of her Act 2 party-piece -Offenbach before his time.

Not long ago, Teresa Cahill sang a lovely Daphne for the COG in Strauss's opera. As Belducci's ughter Teresa here she made an unlikely 17-year-old, with e mature soprano's sumptuously spreading tone where ber inamorato sported a youthful, tightly focused tenor; but her ripe musical thrust carried all before it, full of generous, subtle feeling in a role that makes relentless vocal demands. A couple of dodgy top-notes made no difference

Meanwhile her Cellini, Justin Lavender, fulfilled his promise of recent years with springing élan. He has made e speciality of those 19th-century French roles which prescribe a cruelly high tessitura for modern tenors, from whom a lusty, full-throated attack is now expected where their period predecessors probably got away with mere headvolce. In earlier Lavender performances the strain has occasionally showed, even while he shaped a vigorously elegant line. This time, as the challenges rose he not only met them with ringing assurance, but left himself room still for wry asides in roguish character. Berlioz would

#### Jazz/Garry Booth

## Freddie Hubbard

unpredictable on the stand and sometimes leading colourful lives off it. Think of Miles Device by the audience, huncbed over his born for a few precious notes before abruptly leaving, Lee Morgan, the great attacking trumpet of hard bop shot dead onstage by a jealous lover. Last time I saw mainstreamer Ruby Braff be was inciting a usually mild mannered Brecon crowd to riot by the simple device of continuously telling them to shut up. So it is with American Freddie

touring his talented acoustic quintet across Europe. Last week, in the New Morning, a grotty but friendly club by the Boulevard St Michel, 1 sat through one and a half hours of slow hand claps until the gangsterish Hubbard sauntered through the front door rubbing his belly. In Paris, the wait was hardly worth the four hard bop standards Hubbard dispatched before complaining of a bust lip: in retrospect, the time might better have been spent listening to the quartet of promising young tenorist Javon Jackson, pianist Ron Mathews, and a cracking rhythm section of Louis Hayes on drums and young bassist Jeff

But It was easier to forgive him the (over 90 minutes) wait in London - at least we had two sets. And

effect and faulty equipment in Islington Hubbard flew through "Straight No Chaser" brassy and bright, following up with a sparky rhumba, "Bolivia", the leader pacing nervously, trilling occasionally. A tough and boppy "One of A Kind" provided Hayes with his third driving solo of the evening and Jackson an opportunity to construct a measured and gentle passage without his leader's interruption - he bad Hubbard, currently and grumpily disappeared backstage.

> By the second set, Hubbard gave up his unequal struggle with equipment and imprecise acoustics and standing away from bis microphone turned in e flaring ballad, "God Bless The Cbild", the burnished tone of the fluegelhorn pitched beautifully into the high ceiling. Absorbed in his playing at last, the full warm sound centred in e good tune, Hubbard showed how he maintains a place at the top of the trumpet league. By finishing the set on "Ease It", however, which featured Chambers' bass while Hubbard again left for backstage, he damonstrated his weakness as a leader and bow precarious that ranking is. Worth the wait, but only



#### **■** AMSTERDAM

Concertgebouw Tonight: Janos

Furst conducts Radio Philharmonic

Orchestra in works by Schoenberg and Bartok. Tomorrow, Thurs: Edo de Waart conducts Royal Concertgebouw Orchestra in Strauss, Glazunov, Vaughan Williams and Bernstein. Sat: John Eliot Gardiner conducts English Baroque Soloists and Monteverdi Choir in concert performance of Le nozze di Figaro, with Alison Hagley and Bryn Terfel. Sun afternoon: Stefan Soltesz conducts Flanders Opera Orchestra and Chorus in works by Beethoven and Stravinsky (reservations 671 8345) Beurs van Bertage Thurs: Kenneth Montgomery conducts Radio Symphony Orchestra in works by Torke, Feldman and Gorecki, Fri, Set, Sun: Erts, ballet by experimental Belgian choreographer Anne Teresa de Keersmacker. Fri,

Sat (Wang Zezi): Hartmut Haenchen

conducts Netherlands Philhermonic

Shostakovich, Sun afternoon: Robert

King conducts Netherlands Chamber

Orchestra in Strauss and

Orchestra in Vivaldi, Corelli and Geminiani (627 0466)

Muziektheater Tomorrow, Fri, Sun afternoon, next Wed: Simon Rattle conducts final performances of Pete Seliars' Holland Festival production of Pelléas et Mélisande, with Philip Langridge, Elise Ross and Willard White. Thurs, Sat, next Mon and Tues: Dutch National Ballet presents Frankenstein programme, choreographies by Balanchine, Wayne Eagling and Laurie Booth (625 5455)

Stadsschouwburg Thurs and Sat Deutsches Theater Berlin presents two stagings by Thomas Langhoff, lbsen's Ghosts and Kleist's The Broken Jug (320 2500)

#### **■ BRUSSELS**

Palais des Beaux Arts Tonight: Philippe Herreweghe conducts Ensemble Vocal Européen in Lassus' Lagrime di San Pietro. Tomorrow: Ronald Zolfman conducts Belgian National Orchestra in a programme featuring prizewinner of Queen Elisabeth Violin Competition (507 8200)

Monnaie Tomorrow, Sat (also June 22, 24, 27, 29); Antonio Pappano conducts Kurt Horres' production of Meistersinger, with José van Dam, Dale Duesing and Margaret Jane Wray (219 6341)

#### **ANTWERP**

ANTWERP 93 This week's performances include Ivo van Hove's arrangement of Shakespeare's Hamlet daily till Sat at Bourla, a performance of the early Flemish polyphonic masterpiece

Mis van Doornik performed by Ensemble Organum at St Augustinus on Fri, and sacred music by Josquin Desprez and Pierre de la Rue performed by Ensemble Clement Janequin at St Augustinus on Sun

(226 9300) FLANDERS OPERA The final production of the season is Manon Lescaut, tha latest in a Puccini series staged by Canadian director Robert Carsen. Evelino Pido conducts e cast led by Miriam Gauci. Next performances Thurs and Sat, also June 24, 27, July 2 (233 6685)

#### **CHICAGO**

RAVINIA FESTIVAL The opening week is devoted to jazz. Tonight's guest is Shirley Hom Trio, followed by Joe Henderson Trio tomorrow, Betty Carter on Thurs, Stephane Grappeli and Ramsey Lewis on Fri, Oscar Peterson on Sat and all-star jam on Sun. Guarneri Quartet plays works by Haydn, Dohnanyl and Schubert next Mon, and the Chicago Symphony gives its first concert on June 25 (Tel 312-728 4642 Fax 708-433 4582)

#### **■ FELDKIRCH**

The annual Schubertiade, now permanently transposed from Hohenems to Feldkirch, opens tomorrow and runs till July 3, with a special focus on Schubert's Goethe settings. Recitalists in the opening week include Barbara Hendricks, Oliver Widmer, Peter Schreier, Andras Schiff and Alfred

Brendel (Schubertiade Feldkirch, Schubertplatz 1, Postfach 625, A-6803 Feldkirch, Austria. Tel 5522-38001/fax 5522-38005)

#### GENEVA

story line.

 The final production of the season at Grand Théâtre is Le nozze di Figaro, in a revival of Nicholas Hytner's staging conducted by Armin Jordan. Tha cast is led by Marie McLaughtin, William Shimell and Ferruccio Furlanetto. Next performances tomorrow, Sat and next Tues, also June 25, 28, 30 (311 2311) Neeme Järvi conducts Suisse

Romande Orchestra in four Stravinsky programmes over the next two weeks at Victoria Hall. The first concert on Fri consists of Symphony of Psalms and Oedipus Rex, with Gabriele Schnaut and Franz Grundheber. Other concerts: June 23, 29, July 2 (311 2511)

#### VIENNA

Staatsoper Tonight: Die Zauberflöte. Tomorrow: John Neumeier's ballet A Midsummer Night's Dream. Thurs: Siegfried with Siegfried Jerusalem and Hildegard Behrens. Fri and next Mon: Cav and Pag. Sat: Ariadne auf Naxos. Sun: Götterdämmerung (51444 2955) Konzerthaus Tonight: Kurt Masur conducts Leipzig Gewandhaus

Orchestra in works by Peter Ruzicka and Mahler. Tomorrow: Thomas Zehetmair violin recital. Fri and Sun: Rafael Frühbeck de Burgos conducts Rakhmaninov and Strauss, with piano soloist Oleg Maisenberg. Sat afternoon, Sun morning: Yn

Yo Ma plays Schumann's Cello Concerto. Sat evening: Hans Vonk conducts concert performance of The Rake's Progress, with cast led by Yvonne Kenny and Alastair Miles (712 1211)

Theater an der Wien Tomorrow: first of four performances of Piccolo Teatro di Milano production of Goldoni'a Le baruffe chiozotte directed by Glorgio Strehler (5883 0237)

etheater Thurs: first night of George Tabori'a play Requiem for a Spy (51444 2959)

#### **■ WASHINGTON**

The World Goes Round: award-winning Broadway musical celebrating the careers of composer John Kander and lyricist Fred Ebb. daily except Mon till June 27 (Kennedy Center 202-467 4600) Sylvia's Real Good Advice: musical comedy inspired by cartoonist Nicole Hollander'e comic strip. Opens tomorrow, till July 11 (Horizon Theater at the Marvin Center of GWU 202-994 6178) Much Ado About Nothing: free outdoor performances of Shakespeare's romantic comedy, daily bil Sun. Tickets from Shakespeare Theater, Washington Post or Carter Barron (Carter Barron Amphitheater 202-393 2700) The Tempest: Washington Shakespeare Theater production. Till June 26 (Gunston Arts Center, Arilngton 703-739 9886)

MUSIC

Tilene Center Tomorrow: Carole King. Thurs: National Symphony Orchestra presents an evening with Dudley Moore. Fri: Beethoven'e

Ninth Symphony. Sat: National Symphony Orchestra Broadway evening (703-218 6500) Blues Alley Jazz Supperclub Tomorrow till Sat: vocalist Dianne Reeves (1073 Wisconsin Ave, in the alley, 202-337 4141) ather Post Pavilion Tomorrow: Lynyrd Skynyrd and Bad Company. Fri, Sat, Sun: Jummy Buffett (301-982 1800)

#### ZURICH JAPAN IN ZURICH

This week's highlight is Yukio Ninagawa's version of Euripides Medea, daily from tomorrow till Mon at Theater 11. Modern Japanese dance, choreographed by Fumi Matsuda, can be seen daily till Sun at Areal des Kanzleischulhauses. Hiroshi Wakasugi conducts Tonhalle Orchestra in works by Takemitsu, Schnittke and Tchalkovsky on Thurs at Tonhalle, with violin soloist Gidon Kremer, Joji Hattori plays Bach violin concertos with Zurich Chamber Orchestra on Fri. Eiko Furusawa and friends play chamber music by Brahms and Ligeti on Sun. Tickets (221 2283) **OPERA** Tonight and Sat: Rafael Frühbeck

de Burgos conducts Cesare Lievi'e new production of Ariadne auf Naxos, with Gabriela Benackova. Edita Gruberova, Josef Protschka and Hermann Prey. Tomorrow: Tosca with Mara Zampieri and Nell Shicoff, Thurs: Bernd Bienert's production of Nutcracker, Sun: Raif Welkert conducts revival of Rob Wilson'e production of Lohenarin. with Gösta Winbergh, Lucia Popp and Anja Silja (Opernhaus 262 0909)

ARTS GUIDE Monday: Berlin, New York and Paris. Tuesday: Austria, Belgium Netherlands, Switzerland, Chicago, Washington. Wednesday: France, Ger many, Scandinavia. Thursday: Italy, Spain, Athens, London, Prague. Friday: Exhibitions Guide.

European Cable and Satellite Business TV (Ali times are Central Europeen Time)

MONDAY TO THURSDAY Super Channel: European Business Today 0730; 2230 Monday Super Channel: West of Moscow 1230. Super Channel: Financial Times Reports 0630 Wednesday Super Channel: Financial Reports 2130 Thursday Sky News: Financial Times Reports 2030; 0130 Friday Super Channel:

European Business Today 0730; 2230 Sky News: Financial Times Reporta 0530 Saturday Super Channel: Financial Timea Reporta

Sky Naws: West of Moscow 1130; 2230 Sunday Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky Nawa: Wast of Moscow 0230; 0530

Sky News: Financial Times

Reports 1330; 2030

n their heart of hearts. the leaders of the Group of Seven industrial countries must be wishing that next month's Tokyo economic summit was not taking place. The US, Japan, Germany, France, Britain, Italy and Canada - as well as Russia and the European Commission, which

have supporting roles at the meeting - will be sending politicians of much-diminished stature to Tokyo's Akasaka palace between July 7 and 9.

The euphoria that accompan

ied the fall of the Berlin Wall which infused the three previous G7 summits in Houston. London and Munich - has long gone. Instead of providing s rich harvest of support, the triumph of democracy and the market economy after more than 40 years of cold war has left the seven government

heads deeply unpopular. The reasons are not difficult to discern. The industrialised economies are either in recession or, at best, fitful recoveries that will do little to foster the "feel-good factor" among disgruntled voters.

Unemployment, according to the Organisation for Economic Co-operation and Development, is heading upwards towards 36m in its 24 industrialised member states and is likely to keep rising in most countries over the next 18 months.

The geo-political outlook. is, if anything, worse. The brutal civil war in Bosnia has all but buried hopes of a "new world order" to follow the collapse of Soviet power, The latest crisis in Somalia casts serious doubts on the ability of the United Nations to grow into the role of a supranational referee bringing order to regional conflict.

Problems at home have made G7 governments and electorates increasingly inwardlooking. In today's parochial times, G7 leaders could lose as much as gain from being seen with their counterparts at yet another international meeting.

Governments like to think that G7 summits can increase consumer and business confidence. But it is difficult to believe that three days of strutting, eating and talking in Japan's mini-Versailles will gull the west's increasingly cynical television viewers into believing that happy days are here again.

However, it is possible to take a more optimistic view of the summit - both for the world and for the bost nation,

The bope, propagated by the US and encouraged by this month's OECD annual ministe-

## Japan's best face forward

The hosts of the G7 summit in Tokyo could emerge as the winners, writes Peter Norman



Miyazawa: has begun ritual of downgrading expectations

issues in the trade round.

Mr Koichiro Matsuura, the

Japanese government "sherpa"

responsible for preparing the

economic side of the summit

for Mr Kiichi Miyazawa, the

Japanese prime minister, last

week put a slight damper on

hopes that the Uruguay Round

might be settled this year. "I

cannot be totally optimistic,

he told visiting journalists in

Other hig problems offer lit-tle chance of a summit "suc-

cess". Although Mr Miyazawa

has said that helping the for-

mer Soviet Union become a

democracy with a market econ-

omy "is going to be the most important issue", it is difficult to see the G7 doing much

more. A strategy for helping

Russia was agreed in April. It

is now up to President Boris

Yeltsin, who will join the talks

on the final day, to implement

agreed plans so that Russla

can qualify for promised west-

Despite US pressure, there is

little chance of action by Japan

or Germany to boost the world

economy. Japan insists that it

has done enough to boost

demand through two fiscal

ern financial assistance.

rial meeting in Paris, is that Tokyo will mark a vital step towards final agreement on the much-delayed Uruguay Round of trade liberalisation talks. Trade ministers from the US,

Japan, Canada and the European Community are negotiating an extensive tariff-cutting agreement for industrial products and services to form part of a final Uruguay Round settlement. If their next round of talks in Tokyo on June 23 and 24 produces an agreement that can be finalised and endorsed by the G7 leaders, the summit may give a decisive boost to the seven-year-old Round and so have helped solve the trade talks impasse.

But the so-called market access agreement is only one of many problems to be solved if the trade round is to be completed by the new deadline of mid-December. The US and Japan are at loggerheads over US demands that Japan accept numerical targets to reduce its huge trade surplus. A fight is also brewing between Japan and the EC over limits to the sales of Japanese cars in the community. Big difficulties have to be overcome within the EC and among the G7 before agreement is reached on agriculture and other open

decisive interest rate cuts in spite of recession in Germany. While there will be much serious talk about regional conflicts, the non-proliferation of nuclear and other weapons of mass destruction, and a greater role for the United Nations, it is unclear whether initiatives will emerge in these

the Bundesbank's appetite for

areas.
Little wonder, therefore, that the Japanese government has begun the time-honoured pre-summit ritual of downgrading expectations. "Don't expect much out of a three-day meet-ing," warns Mr Matsuura. Mr Kunihiko Saito, the deputy foreign minister preparing the non-economic side of the sum-mit, says he does not "think we can expect any tangible specific results".

But that, for Japan, might be the best of all possible out-comes. This summit - the third in Tokyo since the late 1970s - could break the rule by which Japan, as host, emerges as the loser.

In the past, Japan's G7 part-ners have been able to capitalise on the reluctance of governments in Tokyo to have International rows occurring on home territory. This year, the hosts seem in a feistier

Japan has already taken the high moral ground on trade, rejecting the US goal of setting lateral numerical targets for deficit reduction as "managed trade". Japan also has offered widespread tariff reductions to help bring about a market

Although Japan itself is likely to emerge only gradually from its current period of very slow growth, its economic performance this year is likely to be better than nearly all its G7 partners. It can also present itself as sole representative at the summit of east Asia, a region that is growing faster and, in Tokyo's view, is politically more stable than other

parts of the world. Tokyo is likely to step carefully in pressing claims such as Japan's desire for a permanent seat on the UN security council. But officials are unusually forthright when putting their case. We think Japan is qualified to be a member of the security council," was Mr Saito's comment last week.

Although Japan has stressed that the summit will not be a decision-making event, it will nonetheless be an important event in the Japanese calendar. Out of the mess of the stimulus packages in the past 10 months. Fears for the D-Mark's stability are limiting post-cold war world, Japan may emerge with its standing raised rather than lowered.

## Joe Rogaly

## Where Right is wrong



servatives. Its doctrines are receding into the history of political thought. Soon it will be regarded as the Old Wrong. The question of the turn of the century is, what is to come next? One answer (not mine) could be a mild, unambitious

So runs the dream of the Menshevik, or non-Thatcherite, wing of Britain's Conservative party, which hankers, whether it knows it or not, for a return to a period of quiet, traditional conservative government, unruffled by the assertive and divisive radicalism of the New Bolsheviks of the 1980s. The present chancellor and putative next prime minister, Mr Kenneth Clarke, implied as much last week whan he described himself as standing at the "hard centre" of the Tory world; the actual prime minister, Mr John Major, would not be harmed by a sim-

ilar appellation. Ever eager to help, 1 draw the attention of this centrist due to a forthcoming book\* by John Gray, a conservative political philosopher and fellow of Jesus College, Oxford. Mr Major may well find time in which to read bits of It, Mr Clarke has first to digest the Maastricht treaty and one or two other documents pertaining to his new job. Mr Gray is described by his publisher as "formerly a principal theorist of the New Right," which gives added piquancy to his extended critique of the work of the "libertarian and classical liberal ideologues" whose nostrums continue to haunt the

Tory politicians of the 1990s. He defines the New Right as properly anti-Marxist, under-

mes of big government, ques-tionably monetarist - and blind to the imperfectibility of market institutions, which were "understood as a sort of perpetual motion machine for economic growth". (Mr Gray, I am delighted to report, is extremely unsound on growth.) "It was this Whiggish fantasy," he writes, "that animated the enthusiasts of the New Right; the failure of its political projects, or the unanticipated consequences of their success, has rudely dispelled it." Among the failures, 1 would list 1980s

Britain, the Tory health and education reforms Our author has an explana-

macro-economic policy on both

sides of the Atlantic and, in

doctrinal disap pointment. The ideologues bekind That cherism and Reaganism, like the Marxists they van-quished, misbelieved in the perfectibility of

vour through . the application of universal principles. One side-effect was to introduce a sectarian spirit into conservative discourse. That, as we know, is still present. So is the worship of the market as an institution without flaw, not to mention the conception of all human conduct "in terms of a calculus of exchange". This attitude denies the dependency of civil society on the resources of its culture; it runs contrary to the common-sense observation that human beings exist as part of families, or communities. You could say, after reading Mr Gray, that the New Right was mistaken in Its

assumption that there is no

such thing as society,

"The lesson of the bank-ruptcy of the New Right," he "... is that political life is not a project of world improvement in which are invested the transcendental hopes of an age without faith. It is instead an almost desperately humble task of endless improvisation, in which...the ever present prospect of disaster is staved off...

I have quoted extensively from this thought-provoking introduction because the first three chapters of the book have appeared before, as self-critical pamphlets published by New Right think-tanks. As noted at the time, Mr Gray'e view, as asserted in one of those pamphlets, is that "a humane social market econtion for this headlong rush into omy is the only sort of free economy likely

The ideologues vive ... and the behind only sort that deserves to sur-Thatcherism and vive". If there is such a thing as Reaganism mistakenly recycled chapters contain it. Traditional onebelieved in the perfectibility of nation Tories, human endea- human endeavour and continental

Christian Democrats, will grasp the point, even as they trim spending on

the welfare state. The prime minister should, however, run a mile from the brand-new fourth and final chapter. It takes the argument too close to the truth of the ent human condition. Entitled "an agenda for Green conservatism", it soars beyond the inamediate needs of Mr Major and Mr Clarke. The problem is not Mr Gray's adoption of a green mantle; Lady Thatcher herself did that. Anyhow, he neatly disposes of the excesses of green theories. His arguments, that private property and market mechanisms are essential tools for protecting most of the environment,

should appeal to Tories, even while greenery is relatively unfashionable. He does see regulation as necessary to deal with threats to the global commons, like the upper atmosphere, and he is Malthosian about the population explosion. But some Conservatives might swallow this medicine too, even if they have to swallow hard.

They will, however, gag on this: Though the eradication of involuntary poverty remains a noble cause, the project of promoting maximal sconomic growth is, perhaps, the most vulgar ideal ever put before cuffering humankind. The myth of open-ended progress is not an ennobling myth, and it should form no part of conservative philosophy." He goes on to deride the "malady of infi-nite aspiration", and asks rather that we "keep in good repair those institutions and practices whereby human beings come to be reconciled with their circumstances ... He offers as an alternative JS Mill's conception of a "stationary-state economy".
I love it. Here is a Tory phi-

losopher telling us what we know to be true - that economic expansion allied to expo-nential population growth can-not continue forever, and that we had better start thinking about the ethical consequences of that stark arithmetic. 1 picked up Mr Gray's book after the moral foundations of a democratic society, organised by the Social Market Founda-tion, a newish think-tank. The seminar affirmed the current absence of moral underpinnings for western thought. Something has to replace Marx-based philosophies, and perhaps reinvent Christianity. Mr Gray's fourth chapter suggests where to start.

\* Beyond the New Right, Routledge, £19.99

#### THE EDITOR

Number One Southwark Bridge, London SEI 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution -

#### Solution to left-right dichotomy

From Dr Jan Clifford Lester. Sir, Samuel Brittan writes ("Clan hatreds divide Left from Right", June 7) that "the leftright dichotomy is a hopeless method of finding one's way around" monetary and fiscal policy. But in his Left and Right: the Bogus Dilemma and Capitalism and the Permissive Society he more or less solves the problem without realising

As he shows, there is a fairly clear tendency for the left to be for state regulation of "the economy" (and against state regulation of personal liberty) while the right are more more likely to be the opposite. Where the economic aspects are currently state-ridden the right are thus consistent in seeking at least to second

guess the market. Of course, this is not a perfect description of left-right usage, and it does conflict with some self-descriptions. But it clarifies debate enormously to make this fairly realistic distinction stipulative. We are then also able to introduce a libertarian-authoritarian northsouth axis. This accommodates both Samuel Brittan (as a north-winger) and me (extreme north-winger). I leave the reader to say which politicians are really south-wingers.
Jan Clifford Lester,
The Libertarian Alliance, 5 Beaconsfield, 64 Red Lion Street, London WCIR 4PA

#### Family man

From Mr Peter McGregor. Sir, Do you think that Sir Norman Fowler is spending enough time with his family? Peter McGregor, Dacre Cottage, Longworth,. Oxfordshire OX13 5HH

## Social provisions must be preserved

From Ms Carole Tangue MEP. of the UK government to cre-Sir, Your article "Japan car workers top of earnings league in world motor industry" (June 10), paints a rosy picture of the tion. It ignores, though, the now oft-documented stress and ill health their long working

hours produce.
Without actually saying so,
the article hints that Europe's
social provisions (particularly good wages and moderate working hours), should be sacrificed in the name of increased competitiveness. This attitude is increasingly souring relations with Britain's European neighbours, who rightly feel social justice and economic prosperity go hand in hand and resent the attempt

ate a competitive labour market on the basis of low wages and poor working conditions.

There should be no suggestion that Europeans should go back on their social achievements. We should be calling for our main competitors to adopt similar policies to improve the living and work-ing conditions of their working people, particularly shorter worker hours to achieve an enhanced quality of life and increased employment opportunities.

Carole Tongue, Rapporteur for European Parliament on the European Car Industry, 97a Ilford Lane Ilford, Essex III 2RJ

#### UK is obviously correct in its chosen economic course

From Dr Rosalind M Altmann. Sir, What a shame! Why has the UK government wasted a golden opportunity to lead Europs forward to a better future? Why do we continue to portray our exit from the exchange rate mechanism as a "humiliation"? Even the ex-chancellor can

only whinge and criticise instead of standing up, as he should have done last September, and proclaiming that the British move was the only rational economic policy to follow when Europe was marching from the hoped-for policies of disinflation over the cliff edge into depression. Britain's exit should have been portrayed as a move demonstrating strength and vision which the rest of Europe (Germany excepted) needed to follow.

There is nothing wrong with allowing currency devaluation if it is the only means by which interest rates can fall to a level more compatible with economic stability. The UK has not abandoned stability policy by easing on the monetary side when a tightening of fiscal pol-icy and a global disinflationary environment have so diluted the inflationary risks. On the contrary, the UK is pursuing the only obvious course for most European economies to

follow at this juncture. The only problem has been the manner in which policies were implemented; the moves themselves are so sensible. What a shame we are not able to be proud of them. At least we can take comfort that the UK will fare better by having pursued the right policies in the wrong way rather than the wrong policies altogether. Poor

Rosalind M Altmann. Global Equity Strategist, 43-44 Crutched Friars, London EC3N 2NX

#### Common IT standards are needed in the UK

From Mr Gordon Ewan. National Audit Office report into computer systems for the Training and Enterprise Counclls ("Scrapping Tecs computer system may cost £50m", June 11) once more points to the importance of nationally recognised – and implemented – standards for the information

technology community.
Only when we in the UK are all working to the same set of standards will we be able to avoid the problems of "them and us" when matching client needs with the systems which are actually installed.

As the lead body for informa-tion technology standards in the UK, we have been working for the past two years with all members of the IT community to ensure that there is a clear set of practical guidelines for everyone involved in information technology.

One of the ways of ensuring this happens is through the programme of National Vocational Qualifications in information technology. This is a set of standards which all companies and organisations and their staff and employees can use to build better skills and greater mutual understanding. With Britain needing to become more skilled, produc-tive and cost-effective in its working methods, adopting the best practices woven into our set of IT standards surely makes a lot of sense and helps avoid expensive and time-consuming problems.
Gordon Ewan,
Chief Executive,
Information Technolo

Training Organisation, 16 South Molton Street, London WIY IDE

#### Proper recognition still to be given to unemployment problem

From Prof Ronald Dare.
Sir, That unemployment will not yield all that much to "active macroeconomic policies" we've known for some time. Now, Edward Balls tells us ("A tide that'e not for turn-ing", June 9) that the active labour market policies Richard Layard was advocating in his Personal View (June 8), don't work either, except as political tokanism designed to show the problem is being taken seri-

So what's left? "Less gener-ous unemployment benefits"? Yes, indeed, push the welfare minimum down to America levels and you will force more people into jobs - at the poverty-level wages which now characterise so much work in America. Is that really what we want? Surely we need to recognise

that the unemployment prob-lem is a result of the new "labour market scissors". On one hand are the decent instincts which have made a welfare floor of 40 per cent of average income pretty well universal in European societies. On the other are those changes in society and technology which have changed the job structure; more and more jobs are beyond the learning capacity of people who did not do very well in school, and

fewer and fewer jobs are of the

sort almost anybody can learn

sort almost anybody can learn to do. The exception are serving and caring jobs that are only slowly becoming acceptable for able-bodied males.

And both of those factors are progressive factors. Don't we need to think again about the nature of "work" and how far doing it ought to be a precondition for citizen dignity? The notion of a basic citizen income which effectively cuts that link and makes extra-money-earning work as much a voley-earning work as much a voluntary activity for the lucky as amateur athletics, has been around for a long time. Shouldn't the prospect that the unemployment problem will

tion by 2020 start concentrating our minds on how to get from here to there? At present the only people thinking about this are the members of the Citizens income Study Centre and we are considered slightly dotty by our academic colleagues. Isn't it time to take, if not us, at least the problem more seriously, and for those who have a different perspective on the year 2020 to come clean and tell us what it is? Ronald Dore. ondon School of Eco Centre for Economic Perfor

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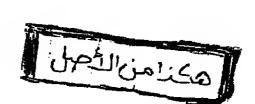
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## FINANCIAL TIMES

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## Disunited nations

BOSNIA, CAMBODIA, Angola, now Somalia. At no time in its 48-year history have the demands on the United Nations to resolve regional conflicts, contain civil wars and save lives been so high. Nor has there ever been greater readiness to blame the UN when peace-keeping or peace-making

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operations go wrong.

It is not, however, the UN that should be blamed for failure to bring peace to the Balkans, or even for the tragedy of errors now unfolding in the Horn of Africa. Its leading member states - and in particular the five permanent members of the Security Council would do better to examine their own responsibility for what has happened in Bosnia-Hercegovina and in Somalia, and to ask what lessons can be learned to ensure that future international bumanitarian and peace-making efforts do not go so badly awry.

The record is far from all bad. In Cambodia, for example, the UN has in recent weeks overseen a remarkably successful multi-party election. While that, too, appears to have run into difficulties, with the ruling party rejecting the results, the UN transitional authority has done as wall as could have been expected in facilitating the process. The UN should now focus upon helping to secure a constitution and legitimate government, if necessary deploying the powerful sanction of withholding recognition. But it will in the end be for Cambodians to make democracy work.

Uncharted waters

Somalia, like Bosnia, presents a much more uncomfortable case, taking the UN into uncharted waters. For what started as a well-intentioned if belated military intervention with the aim of feeding a starving populaca bas become a bloody melée in which UN forces risk ending up at war with the people they are trying to help. The US, which led the "humanitarian invasion" last December, is now expending its energies in bombing the facilities of a rebel warlord, Pakistani peace-keepers in firing on and killing spparently peaceful demonstrators. The chances of restoring order or effective government are more remote than ever.

In helping to bring Somalia to First, Washington failed to think underlying lesson is the same.

actions properly with the UN. Its purpose was always to feed the maximum number of Somalis in the shortest possible time, then allow Mr Bush's successor to hand the country over the sound of the shortest possible time, then allow Mr Bush's successor to hand the country over to a broaderbased peace-keeping force. American troops were not ordered to disarm Somalia's lawless militias. Washington also paid insufficient attention to the root cause of the country's problems: the collapse of any form of administrative authority. Without a serious effort at political reconciliation, encompassing a broad swathe of Somali society, intervention could never be more than s palliative. Urgent action The UN's current difficulties stem directly from these blunders. Its own efforts to foster negotiations among Somalia's warring factions were bopelassly ineffec-

clearly about the purpose or impli-cations of its military role at the outset. George Bush's decision to

send a large force to feed Somalia

was one of the last acts of a

defeated president. His adminis-tration did not co-ordinate its

tual. They attributed undue importance to the warlords and did not include a wide enough cross-section of what is left of Somali civil society. When thay came to nothing, UN forces were left with no clear mission beyond continuing to fill empty stomachs, and with decreasing anthority to carry it out. Confrontation with a warlord ambitious to fill the vac-

uum was only a matter of time. Urgent action is now required from the UN Security Council to prevent the situation from deterlorating further. As in Bosnia, member states face a stark choice: either re-engage with the country on a new, more carefully considered basis, or pull out. In Somalia the former course means nothing short of taking the country under temporary UN trusteeship, with all the political responsibilities that entails - combining concerted diplomatic action to restart reconciliation among Somalis and a stiffened military presence with the aim of disarming the militias. It is a tall order, but it is more palatable than the international humiliation and Somali suffering which would follow withdrawal. In Bosnia, where negotiated threeway partition seems the least terthis pass, the UN powers made a rible ontcome, the stakes are number of fundamental errors. higher. For the UN, however, the

## Clipping the banks' wings

IN THE present economic cycle much of the world economy has there is no repeat of the depressuffered from asset price inflation, sion of the 1930s. But it also introsuffered from asset price inflation, followed by falling asset prices, stress in the banking system and worries about the capacity of banks to finance economic recovery. The price of such instability, in the shape of lost output and jobs, is all too apparent, especially in the English-speaking economies, in Scandinavia and in Japan. Hence the topicality of the question raised in the annual report of the Bank for International Settlements: can a recurrence be prevented?

The answer clearly hinges on the extent to which this was an exceptional occurrence relating to one-off changes in the financial system. And at first sight it is tempting to attribute the present problems to specific upbeavals in the workings of the financial markets.

In most developed countries, banks in the 1980s were subjected to a host of deregulatory shocks, ranging from the abolition of exchange controls to the lifting of quantitative controls on hank lending. This agenda, which embodied the growing conviction on the part of policymakers that banks should behave more like profit-maximising firms than socially conscious utilities, was an exceptionally potent formula for racking up bad debts, especially against a background of sharply rising share and property values. The problems were compounded by moral hazard. Deposit insurance gave little incentiva for depositors to assess the creditworthiness of banks.

Re-regulation

it seems unlikely that such a tidal wave of regulatory change will be repeated in short order. The current trend is anyway towards re-regulation, not least in the form of the BIS's own capital adequacy rules. But there are nonetheless grounds for thinking that a repeat performance cannot ultimately be ruled out, the most important of which relates to the the central banks' activities as

lenders of last resort. The readiness of central banks to provide liquidity to markets

and institutions helps ensure that duces a generalised form of moral hazard by socialising risk and facilitating speculative financing. At a more basic level, the concessionary financing that accompanies bank support operations is not without wider cost. While it insulates the bank creditors from loss, it further weakens discipline.

Low inflation

At the macro-economic level, the remedy is a firm anti-inflation commitment. But as the BIS itself points out, this can pose difficulties for the authorities. In Japan in the late 1980s speculative excess co-existed with low inflation. It could not have been curbed without an unwelcome contraction in the real economy.

That leaves prudential supervision as a counterweight to a more competitive financial environment. But while theoretically appealing, tha practice is more difficult. There is, for example, a lendency for supervisors to act pro-cyclically, instead of counter-cyclically - witness how the BIS's capital requirements were introduced just in time to encourage a credit crunch. And innovation tends to

wrong-foot the watchdogs. But if instability in banking is endemic, there remain obvious priorities when it comes to cleaning up the mess. The most pressing one now is a rapid recapitalisation of the banking systems where the capacity to extend credit has been impaired. In the UK and the US this is baing achieved with the help of a steep yield curve, whereby banks can borrow at low short-term interest rates to invast in longer-term higher-yielding paper, including government IOUs. In Scandinavia it has been schieved with the help of more direct government sup-

But in Japan, where tha gap between short and long interest rates is narrow, the authorities have been slow to impose the requisite balance sheet restructuring. Given the size of the Japanese economy, that is a growing worry for the rest of the world as well as tha Japanese themselves.

ing company, looks increasingly like a beached whale an ungainly creature that cannot be refloated. The political waters in which it has moved for four decades are evaporating.

Ri, Italy's biggest state hold-

The country's politicians are distracted by scandal and, even if there was a will to keep IRI alive, its fiffances are so parlous it is unlikely to survive in its present Group losses for last year were L4,809bn (£2.13bn), while accumu-

lated debts are L73,000bn, equal to almost 5 per cent of Italy's gross domestic product. Privatisation of the empire, which employs 400.000 and has interests ranging from baking to banking, telephones to television, is seen by company strategists

as the only way forward. The impetus for change has been celerated by the arrest last month of Mr Franco Nobili, IRI's chairman since 1990 and the manager under whom debts and losses mushroomed. His arrest, on corruption charges, provided the government with an opportunity to bring in someone who would not shy away from the basic question: does IRI need to exist in the 1990s?

The man chosen for the job is Mr Romano Prodi, the distinguished economist who chaired IRI from 382-89 until replaced by Mr Nobili. His previous involvement in IRI may not seem the best qualification, since several problems date from that period. But Mr Prodi's supporters, including Prime Minister Carlo Azeglio Ciampi, claim he is returning to push through the rationalisa tion he was prevented from implementing by the politicians.

Power has been concentrated in the hands of Mr Prodi following the transfer of Mr Michele Tedeschi. former chief executive, to IRI's telecommunications subsidiary. He had been virtually running the group since last August, when it was con-

verted into a joint stock company.

A senior IRI official said: "There is an urgent need to raise funds, and privatisation will probably be along the lines Tedeschi has already worked on."

The main fear inside IRI's impressive 1930s bead office in Rome is that the financial urgency behind IRI's sell-off will mean that broader questions of industrial development could be ignored in the reorganisation. IRI managers insist the state still has a role, especially in sectors such as advanced technology. They say IRI could be made slim and dynamic by selling scores of companies and remaining as an investment vehicle with minority participation in its engineering group Finneccanica, and Stet, the tale-communications holding company.

group's biggest earners.
With domestic interest rates still high and the economy in recession, the company is struggling to gener-Yet this strategy could consign ate enough cash to meet daily IRI to the same fate as that of Efirm, needs, let alone investments. IRI's Italy's third-largest state industrial financial difficulties were exacer-

Haig Simonian and Robert Graham examine the privatisation of Italy's largest state holding company

## A behemoth goes to the block

IRI group: no time on it's side

The Dillion.	1991	1000	1991	1002	1991
Alitalia	5,867.9	6,791.8	(34.5)	(14.7)	28,963
Finmare :	1,711	1,847	(50.4)	(131.8)	7,878
Finneccanica	10,966.0	11,078	(524.9)	186.4	56,015
Finsiel	1,255.0	1,473	29.4	36.4	7,305
Ilya	10,923	10,087	(498.8)	(2.309)	50,244
Intecna	8,947.7	9,362.1	(98.5)	(1,950)	28,151
Same 1992 figures	are Treasury	estimates ·			
Life billion at our		Net rofits (losses)	Tot de		Interest payments on debt
1982	· · · · · ·	(2.825)	34.0	)18	- 5,993
1983	٠ .	(3.198)	35,1	112	6,239
1984	· •	(2,724)	38,8	337	6,107
1985		(1.594)	. 36,5	559	5,029
1986		(558)	34,4	100	3,800
1987		(304)	. 37,4	104	3,267
1988	·	660	38,5		. 3,609
1989		1,291	. 45.6	. 572 ·	3,826
1990		280	55,3	332	4,688
1991		(938)	63.3		6,001

holding company, which became a bated by the progressive withdrawal of funding since 1987 from the government, which was striving dustbin of unwanted businesses. Efim was wound up last July with debts of more than L15,000bn, and to contain the large budget deficit. More recently, support from the banks has declined because of conthe creditors' problems have yet to be resolved. IRI could be left to cern about IRI's financial health. Some foreign bankers, chastened by which it could not offload and which would be impossible to close for social or political reasons. The group's biggest loss-makers the dehacle over Efim, have cut lending, fearing a repetition. To make matters worse, an Italian law are Ilva, Europe's fourth-biggest prohibiting companies from issuing steel producer, and Iritecna, its conbonds when their debts exceed their

total capital, as in IRI's case, has removed recourse to the bond mar-In the light of these constraints, piecemeal privatisation has become an imperative, and has won the backing of the new government. The former Amato government set the sell-off ball rolling last year, but there were internal disagreements over an "industrial strategy" for the state sector, with some politicians fearing the loss of patronage implied by privatisation.

The Amato government bad begun whittling away such patronage. IRI's board was slimmed down to three members, while hig subsidiaries, such as Finmeccanica,

gained in importance by obtaining an individual stock market listing. The Ciampi government, with a more homgoneous economic team, is less susceptible to pressure to keep IRI alive, particularly since the country's political landscape has been transformed by the corruption scandals, and the politicians who tried to stall tha privatisation process are discredited. Despite the recession, which has

limited tha market for big sales, and the wariness of some foreign multinationals to make Italian purchases, IRI is slowly going on the block. The first sale will be SME, IRI's food production, retailing and catering operation. Preliminary offers for two of SME's food production divisions have been received and a deal is likely within the next month. Together, the two operations should raise about L1,200bn. The sale will be followed by that of SME's remaining food retailing and catering activities, valued at about L2,000bn.

Tha other attractive assets up for

sale are the two banks, IRI aims to sell all or part of its 67 per cent holding in Credito Italiano, the

sixth-largest Italian bank, which is quoted on the stock market. Plans to sell Banca Commerciale Italiano

are less advanced. Rather than floating its Credito shares on the market, IRI has opted for a sale to another bank or a pool of institutions, in the hope of a higher price. The most recent indications are, bowever, thet no bank will pay the L5,000hm estimated valua. IRI has been forced to explore the possibility of splitting its stake between several financial institutions and, as a result, the deal is taking longer than expected.

hile the hanks deals are proceeding slowly, the financial pressures on IRI are growing more urgent. Its IIva steel arm has reported a L2,309bn loss for last year and expects to lose about L1,700bn this year. Plans to restructure it via asset sales and debt transfers to IRI have been critically received by the European Commis sion, which supervises Europe's steel industry, and the chances of a quick privatisation look slim.

Iritecna's financial difficulties are almost as pressing. A company will be created, as with Ilva, to run the most profitable activities, while loss-making subsidiaries and a large slice of debt will be transferred to IRI pending restructuring or dis-

With the timetable for sales lengthening, IR1 has turned to sophisticated money-raising techniques to pay its bills. So far, it has raised about L1,000bn by selling future dividends on some of its prof-itable operations. It has also sold tax credits on the shares of some subsidiaries. Although such practices are commonplace in Italy, they have triggered a public row. Critics charge IRI with using financial gimmicks to delay privatisation.
"They're pulling ont all the stops to raise short-term cash wherever they can, rather than just selling assets. said one observer.

Mr Pietro Ciucci, IRI's finance director, points to last year's disposals of controlling interests in the Cementir cement group and Banco di Roma as proof that the company is not reluctant to sell. Like several other IRI executives, he claims some of Italy's leading businessmen are waging a war of words against the group because they are waiting to pick np bargains. "Each time we devise an operation to help IRI survive, they get angry," he says.

Mr Clucci and his colleagues

stress the company is committed to disposals, but not at the price of undervaluing its assets. The argument assumes IRI has tha luxury to choose the best moment for its sales. With the clock ticking fast and losses mounting, time is not on

## Where Mexico should draw the line



At US insistence, negotiations ara now under way between Canada, Mexico, and the US falls for side arrangements to the North American Free PERSONAL Trade Agreement on VIEW environmental and labour issues, and

to give extra protection to some industries in the name of dealing with what are being called import surges. President Clinton needs those parallel agreements to convince the Democratic majority in Congress to support Nafta and to cater to some special interests, such as the sugar lobby. The issue is no longer whether there will be side agreements, but just how far the US will pressure its Nafta partners -

Mexico in particular - to give way to satisfy domestic US pressure. Until now, Mexico has catered to almost every US demand. Mexico is even going the extra mile. It has so far put more new money into clearing up the environment at the US border than has the US. If there are extended beyond what was agreed import surges that must be dealt in Nafta. The law protecting intel-

with these days they are from the US into Mexico, but the Mexican authorities have accepted these without raising new barriers. Despite his misgivings about the wisdom of a special border tax on trade among the Nafta countries to raise money to finance environmen-tal projects, Mexico's President Salinas may give way on this as well.

nurse the loss-making companies

struction arm. Between them, they

account for the bulk of IRI's 1992

losses. At Fincantieri (shipbuild-

ing), Finmare (shipping) and Alit-

alia (the airline), losses have been staunched, but all remain in the

red; while the finances of RAL, the

television and radio umbrella

organisation, are severely stretched.

IRI also owns two of Italy's biggest

banks. Although their profits are

falling, they remain among the

President Salinas is giving the impression that he is prepared to do almost anything to get Nafta through. We believe he should do what is right in Mexico's interest and he should show more spine when asked to agree to unwise US demands or to cater to groups in the US, or people such as Ross Perot, who will not support Nafta regardless of what Salinas does.

The Mexicans fear that if Nafta fails, investment into the country will dry up. However, Mexico's best option is to proceed as if there were a Nafta. It should continue to open its economy by reducing import barriers. The welcome mat to foreign investment should not be withdrawn; if anything, it should be extended beyond what was agreed

lectual property should not be erased. Many of the 50-plus pieces of new legislation required to conform

to Nafta provisions should proceed. If Mexico further opens its economy, US businesses would still invest, based on their having an assurance of policy continuation.
The opponents of Nafta could do nothing to stop this. By reducing its import duties further, Mexico would

President Salinas is giving the impression that he is prepared to do almost anything to get Nafta through

permit producers there to continue their competitive drive. The average US duty on imports from Mexico is now about 3 per cent. The competitive position in the US market would not be much worse for most products even if US tariffs did not decline to zero over 10 years, and could even he stronger if the exchange rate of the peso were adjusted for this. This would be a

likely consequence of the market's reaction to the absence of an agreement in any event. An adjustment of this kind would not necessarily be a deterrent to foreign investment in Mexico, particularly for equity investment, if properly enhanced by a consistent macroeconomic package designed to control inflation.

The US would be just as exposed to competition from Mexico as it would be under Nafta. The only way to prevent this would be to raise US import harriers against Mexico. US protectionists would almost certainly try, and the Clinton administration would then face a real test as to its trade bone fides.

Those who insist that Mexican labour conditions are substandard in comparison with the US would have no side agreement under which they could leverage their demands. They would have to rely on Mexico's own perception of its

national interest in this area. This is not an optimal outcome. Formalising the economic integration that is occurring in any event has many advantages. It helps establish dozens of consultative arrangements on specific issues such as customs administration. sanitary standards, and technical requirements for products, and on hroader issues, including macroeco-nomic policies. Nafta gives soma assurance against backtracking on market opening by member countries. It provides a structure for settlement of disputes on investment, financial and commercial matters, and the use of countervailing and anti-dumping duties. Without Nafta the remarkable political rapprochement that has been taking place in recent years between Mexico and the US might be reversed. But US failure to approve Nafta need not be an economic disaster for Mexico.

#### Sidney Weintraub and Rogelio Ramirez de la O

The authors are, respectively, director of the US-Mexico Policy Studies Program at the Lyndon B Johnson School of Public Affairs, the University of Texas at Austin, and president of Ecanal, an economic consulting firm in Mexico City

## OBSERVER

#### Horses for courses If there are any gamblers left

among the Buba-watching fraternity, the guessing game as to who comes in number two to Hans Tietmeyer, due to take over as president of the German central bank this autumn, is still wide

For the previous favourite, Reimut Jochimsen, appears to have fluffed it through his open antagonism to the Maastricht process, and tha punters are studying the form on a series of fresh names.

From the back of the field, but already counted one of the surer bets, comes a new boy to the council, 60-year-old Horst Schulmann who arrived from Washington only last October as president of the central bank of lt was Schulmann who, as

Helmut Schmidt's "sherpa", worked hard on convincing a sceptical Bundesbank to accept the EMS in the first place. He has experience at the EC Commission on his side. and the politics also fit. Chancellor Helmnt Kohl's government, which will make the selection, is likely to go for an SPD candidate if only because it needs the opposition's co-operation if it is to cut into welfare spending.

Meanwhile, Johann Gaddum,

romance surfacing amid the industrial gloom at the Paris Air Show. The European Airbus consortium has dispatched one chief architect of the bank's recent

"dribbling" approach to interest rate reductions, would probably be the most deserving winner. But he is both the wrong political colour, and, with only just over a year to go to retirement, a little

The intriguing outsider is Edgar Meister, finance minister of the Rhineland Palatinate, Kohl's political training ground. He has the invaluable merit of being on good terms with the beleaguered Theo Waigel, the Bonn finance minister charged with slashing spending, and a man in need of all the friends he can find. especially in the Bundesbank.

First class net ■ There have long been rumours that the wrong sort of people hold

too much sway in Brussels' corridors of power. However, Observer was taken aback to learn that future interns at the Council of Ministers are now being asked to produce not only certificates of perfect health and a fine education, but an extract from their police record. How many juvenile heists on the Common Agricultural Policy does it take to qualify?

One-stop bid ■ Good to see s spot of aviation A P

'We're peace lords'

of its latest craft on a record-breaking run.

A four-engine A340 set off from Le Bourget yesterday on a one-stop round the world tour. Flying east, its first and only port of call will be New Zealand, which should be reached in just under a day. If all goes well it should be back at Le Bourget on Priday. Airbus has had to cut the number of passengers from 273 to just 20 but it did not have to sink to towing its showpiece to the end of the runway to save fuel, as Boeing did when they attempted s similar feat with lts non-stop 747-400 flight from London to Sydney.

Airbus hopes its marketing ploy will interest high-rolling customers

with global ambitions. The Sultan of Brunei, for instance, has already bought a second-hand Lufthansa A340 for his personal use. The French secret services, which have been known to venture that far afield, might also be interested by the A340's first non-stop flight to Auckland, if they ever needed a craft for another quick get away.

Prize draw

■ Who's going to win the next Booker prize? No, not the literary prize for fiction, but the number two slot at the Booker food giant when chief executive Jonathan Taylor, 57, steps into the chairman's suite later this week. Presumably. Taylor is not going

to upset the City by combining the role of chairman and chief executive, especially given Booker's lacklustre performance in recent years and Taylor's keenness to spend more time on good works, such as raising money for Oxford's Bodleian Library. Barry Skipper, chief executive of food distribution, and finance director David Turner. are the obvious internal candidates. But they have been around for years and Booker could do with a bit of fresh blood at the top. Let'a hope that Taylor doesn't fluff his first big decision in the chair.

Tied down

■ Health secretary Virginia Bottomley has an easy way of spotting when husband Peter, one

of the looser cannons on the Tory back benches, is going to cause trouble. He comes down to breakfast sporting his splendid Transport and General Workers' Union tie.

Yesterday was no exception. Suitably attired, Comrade Bottomley attended the launch of a TUC-led campaign against a particularly blatant union-bashing amendment which has suddenly surfaced in the employment bill, due to be debated in the Commons

With much reference to Tolpuddle Martyrs, Bottomley easily outshone John Monks, TUC deputy general secretary, in the depth of emotion be showed in favour of trade union rights and contempt for anyone who dared tamper with them. Stanley Baldwin might have sympathised, but it can hardly have gone down well with the current generation of Tory bosses.

As for the TGWU, Britain's biggest blue-collar union, it is not making a big thing about its new star campaigner. "He's not our most illustrious member," sniffs an official. "That would be the Queen Mother. She wanted to become an honorary bummarree [porter] when she visited Smithfield market, and she was issued with a T&G card there and then."

By the book ■ What do you call a Gurkha training manual?

A Kukri book.

## German opposition play safe in choosing leader

MR RUDOLF SCHARPING, premier of the west German state of Rhineland-Palatinate, was yesterday unanimously proposed as the next national chairman of the opposition Social Democrats.

His nomination by the party's national executive committee is intended to mark the end of a divisive leadership struggle which has left the SPD drifting in the opinion polls since the surprise resignation last month of Mr Björn Engholm, the former

It follows Mr Scharping's clear victory in an unprecedented weekend poll of rank-and-file members, which gave him more than 40 per cent support, against 33 per cent for his nearest rival, Mr Gerhard Schröder, the Lower Saxony premier.

His selection means that the leaders of all three main political parties are now in place for the elections next year, although Mr he would run as SPD candidate

all three, the governing Christian Democratic Union, the minority Free Democratic party in the coalition government, and the SPD, have opted for safe, centrist but essentially uninspiring lead-

Chancellor Helmut Kohl has no challengers within his CDU. although he is widely accused of failing to give clear leadership, and his popularity is languishing

On Friday, the FDP voted overwhelmingly for Mr Klaus Kinkel, foreign minister, as its leader. A civil servant for almost his entire career, and only a party member for the past two years, he is solid, plain-speaking but no ball of fire.

Now the SPD has opted, both at grass-roots level and as party leader, for an equally uncharis-matic figure: Mr Scharping is young (aged 45), hard-working, clearly competent, but rather wooden in his presentation. Yet his confirmation as national chairman at a party conference on June 25 now appears a fore-

With typical caution, he

refused to be drawn on the ques-tion of whether he wants to be the party's candidate to oppose Mr Kohl at next year's national elections, although previously he has said that the party chairman should be the candidate for chan-

cellor, too. He is the obvious choice, but the current deputy leader, Mr Oskar Lafontaine, who failed to defeat Mr Kohl in 1990, has said he wants to run again.

Mr Scharping, a career politi-cian since his student days, would only say that the party He hoped it would decide a bit sooner, be admitted

His lack of political profile is an obvious disadvantage in the coming battle with Mr Kohl, himself a former premier of Rhineland-Palatinate.

In spite of his unpopularity (37 per cent of voters think he is doing a good job, against 50 per cent who have a negative view), the current chancellor towers

## **SEC-style body for Germany** 'may not be ready until 1996'

By David Waller in Frankfurt

THE long-awaited federal regulatory body for the German securities industry is unlikely to be fully in operation before 1995 or even 1996, the government minister responsible for policing Germany's largest stock market

warned yesterday.
Mr Ernst Welteke, economics minister for the state of Hesse. said in Frankfurt yesterday that he expected the legislation to create the German equivalent of the US Securities and Exchange Commission, and to make insider dealing Illegal, would be on the statute book in the first quarter

of next year. But, he cautioned, it could take up to two years after that for the new body to recruit its full complement of up to 100 staff and be in a position to undertake its tasks, including the monitoring

of insider dealing.

likely this year to avoid an increase in the ratio of overall

government debt to gross domes-

**Europe told** 

Continued from Page 1

recession in Germany.

**Europe today** 

Five-day forecast

to realign

highlight the slow pace of change in the regulatory environment in Germany - a slowness which is all the more marked because of German financiers' growing recognition that it is in the interests of Finanzplatz Deutschland, the promotion of Germany as a financial centre, to bring regulations up to international standards as

quickly as possible. This feeling has intensified in recent weeks following the downfall of Mr Franz Steinkühler, the former head of IG Metall, the powerful engineering union. He was forced to resign after it emerged that he had dealt in the shares of a Daimler-Benz bolding company ahead of a price-sensitive announcement while serving as a member of the Daimler-Benz supervisory board.

Mr Steinkühler's dealings in the shares of Mercedes Holding are being investigated by the insider dealing unit of the Frank-Mr Welteke's observatious furt Stock Exchange. He bas denied insider dealing but his case has drawn attention to the lack of insider laws in Germany.

"The current sanctions against insider dealing are minimal," Mr Welteke said. "They are not at all enough. At the moment it is just a matter of commonsense that you don't do it - or at least you don't let yourself get caught."

Mr Welteke, whose ministry is responsible for overseeing the Frankfurt exchange, which conducts 70 per ceut of securities business in Germany, called yesterday's briefing to explain measures which the state of Hesse has taken to strengthen its regulatory activities ahead of the introduction of the new laws.

The German government had intended to criminalise insider dealing and to create the German SEC by the end of 1992. But disputes between federal and state governments have led to serious delays in the implementation of

## Somalis turn against UN

FT WORLD WEATHER

Continued from Page 1

like Blil Clintou." Pieces of shrapuel from last night's air attack were being given to jour-nalists as proof of further senseess destruction of the city.

Mr Bengt Dennis, chairman of The rally was shaken by a loud the BIS and president of the explosion. UN helicopter pilots Swedish central bank, said ERM had fired a shell at a rocket turbuleuce last year had "conlauncher hidden in a gardeu. They missed their target, instead tributed to the crosion of busihitting a ramshackle tea stall ness and consumer confidence where a young mother eked out in Europe. He called "especially worrisome" the deepening of

a meagre existence. She was still alive when the

crowd bundled her into a cart to take her to Benazir bospital, but conditions there are primitive. The UN came under international criticism for the weekend shooting of unarmed demonstrators which, according to the International Committee of the

Red Cross, left 38 dead. Mr Fabio Fabbri, Italian defence minister, said in Mozamblque that such episodes discredited the image of the UN and could, in the long run, jeopardise peace afforts in other trouble spots of the world.

#### Bosnian 'safe area' appeals for help

RADIO MESSAGES from the besieged eastern Bosnian town of Gorazde yesterday appealed for outside intervention to save the United Nations-proclaimed "safe area" as Serb forces pressed ahead with their three-week

Bosnian Serh commanders said their troops were just 150 metres from Moslem positions in Gorazde, the last government strong-bold in the once mostly Moslem east of the country.

In an ominous note which was likely to signal an intensification of Serh attacks, a Bosnian Serb officer accused Moslem fighters of "slaughtering hundreds of Serbs" in villages surrounding Gorazde, according to the Belgrade news agency, Tanjug. Serb commanders previously bave used the claim that Serb civilians are "endangered" to justify an

In an another move to consolidate their self-proclaimed state of Republika Srpska, Serb forces set up checkpoints on the UN-con-trolled road from Sarajevo air-port to the besieged capital.

The Serh harricades violate a year-long UN agreement for an international airlift to Sarajevo airport and the unhindered transport of food and medical supplies ou the airport road, a vital lifeline for the 380,000 people trapped

General Ratko Mladic, the Bosnian Serb commander, agreed at the weekend to the deployment of UN military observers in Gor-

His go-ahead suggested that the Serb strategy in Gorazde may be similar to their operations earlier this year around Srebrenica, the first UN-designated safe area.

In Srebrenica the intensity of Serb attacks, combined with a vear-long siege, forced the Bosnian authorities to agree to a demilitarisation of the area. The area has been described by relief workers as an unsafe and

wretched refugee camp. "The Serbs may be seeking to create yet another unviable refugee camp out of Gorazde," a western diplomat based in Belgrade said yesterday. Serb forces con-trol traffic leading to the six UNdeclared safe areas, reducing the possibility of any long-term future for Moslem-led Bosnian enclaves in Serb-held eastern

Reports from amateur radio operators yesterday called Gorazde a "real hell under constant attacks from Serblan multiple rocket launchers and grenades'

"Everything is burning and the villages are being destroyed," said the reports, which could not be independently confirmed because amateur radio operators are the besieged town's only link with the outside world.

Bosnian radio said more than 50 people were killed ou Sunday in a Serb rocket attack on a hospital in the town.

## THE LEX COLUMN

## Understanding Mr Clarke

The rise of nearly 30 points in the FT-SE 100 index at one stage yesterday suggests markets may be expecting too much of tonight's Mansion House speech. Though the gain was basically driven by the futures market, it was attributed to expectations that the new chancellor would kick off with a cut in interest rates. That would be hard to justify.

The latest producer price figures show inflation remains subdued but it is not exactly falling either. More sig-nificantly, Mr Clarke is hemmed in politically, both by his predecessor's criticism of the way the last rate cut decision was taken and by the opposi-tion of the Bank of England.

Indeed, he may be not be ready to launch any particular policy initiatives after such a short period in office. But the policy debate has assumed a new intensity since Mr Lamont's departure. Two strands are worth noting: first the notion has surfaced that accelerating growth may be enough to sort out the PSBR, and second there is a view in some quarters that a strong exchange rate is a good way of curbing inflation. Such an approach to the PSBR may be the easy political way out, but it would quickly reveal itself as flawed. If a strong exchange rate were also part of the picture, talk might then turn to how far interest rates would have to rise rather than when they would come

BET's dividend is shrinking in line with its business. Sales are below the level of five years ago, with talk of more disposals to come. Operating profits last year were less than half those reported for 1991-92. Since it now transpires that asset valuations - and therefore depreciation charges - have in the past been surprisingly inconsistent across the group, previous profits are not entirely comparable. But the balance sheet has equally dictated the dividend cut. Capital and reserves have halved in the last three years.

While the new management deserves credit for averting a debt crisis, the reduced size of BET's balance sheet limits its options for growth. There is little scope for additional borrowing if gearing is to be held down. An acquisition which required goodwill write-offs would take another bite out of shareholders' funds. A rights issue to finance an acquisition would solve both problems, but BET cannot justify another appeal to shareholders

FT-SE Index: 2885.5 (+23.7)

on the basis of good intentions alone. Since the shares closed yesterday just Ip above the price at which rights were offered in July, it was wise to resist so much as an enhanced scrip

1986 90

That leaves BET to fund organic growth out of cash flow. Having spent two years squeezing working capital -not to mentiou the dividend and capltal expenditure - at least its cash generation is strong. But breaking into higher-margin businesses from scratch

will be a slow process.

Meanwhile, the pricing pressures which have squeezed margins in less capital-intensive areas such as contract cleaning show no sign of easing. Without relief from that quarter, BET has little hope of establishing itself as a growth stock.

East Midlands Electricity Deciding to horrow £150m at an interest rate of 12 per cent near the top of the interest rate cycle looks pretty rum, even without the benefit of hindsight. Doubly so when the Eurobond in question now accounts for more than East Midlands' total net debt and the company is locked into the deal for 25 years. Sadly, the financing decision is typical of East Midlands' accident-prone progress outside its mainstream electricity business -

most notably in the poorly performing contracting and retailing operations. It must be some relief to shareholders that prospects in coal mining are now so poor that East Midlands has all but abandonned its ambitions there. The basic electricity business is a gift which the most inept management

would find difficult to destroy. But

regulatory reviews will squeeze returns. Supply generates little print so Offer's current review should not dent share prices. The subsequent dis tribution review is more important Attempts to massage profits down by retaining costs are unlikely to foot Offer, so East Midlands' decision to cut now looks sensible. Still, ever y the average regional electricity common my's price cap is tightened from RPI+1.5 to RPI-6, the RECs generally could still probably manage amount dividend increases of 8 per cent between 1995 and 2000. Much of that however, would be at the expense of dividend cover. Fund managers and be nervous about shrinking main stream earnings when quality diversification profits have proved so hard to

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#### Currencies

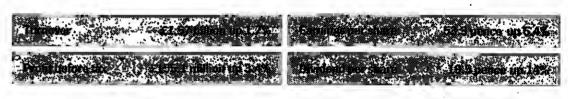
It was always a safe bet that the year would appreciate in 1993. The size of Japan's current account surplus and the intensity of US displeasure mean the currency could hardly respond to any other way. The more difficult essment is to decide when enough enough. The yen has risen by more than 15 per cent since the start of the year, a move whose deflationary impact more or less wipes out the effect of the last two stimulatory fiscal packages. As the stock market becomes edgy over growth prospects, pressure is bound to mount for another rate cut and more fiscal pump priming, which might be seen as a fitting gesture from the hosts at next

month's economic summit.
That, though, may overstate the extent of the authorities' alarm. Japanese exporters know how to cope with a sharply rising exchange rate. The Bank of Japan has been intervening actively, but it has hardly been in a hurry to cut rates. There is no guarantee either that lower rates or another stimulatory package would boost consumption enough to make a big dent in the current account surplus.

More important to the exchange market may be the course of trade negotiations with the US, in which Japan is fighting a rearguard action to escape the imposition of quantitative targets for imports. Were Japan's resolve to falter, the yen could fall back again: a trade agreement with the US would give Washington less reason for talking the currency up. A rate cut, by contrast, could be seen as confirmation of the currency's inher-

## **East Midlands Electricity plc**

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 1993



## Positive action prepares ground for further progress.

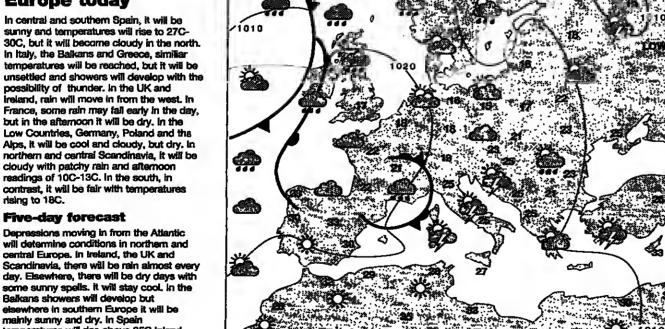
- Operating profit increased by 2.9% to £162.1 million
- Operating profit, before exceptional items, increased by 11.8%
- Strong performance from the electricity business
- Growth in units distributed
- Core electricity business being restructured
- Gearing reduced to 22.2%

"The company has had a successful year. The core businesses of electricity distribution and supply have performed particularly well. The positive action that has been taken by the board has prepared the ground for further progress particularly through efficiency gains in the years ahead."





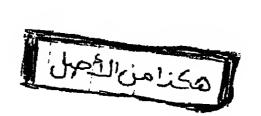
The Annual Review will be posted to all shareholders in early July Copies are available by writing to the Company Secretarial Department, East Midlands Electricity plc, 398 Coppice Road, Arnold, Nottingham NG5 7HX.



Balkans showers will develop but ewhere in southern Europe it will be mainly sunny and dry. In Spain temperatures will rise above 35C Inland. fthansa

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## **FINANCIAL TIMES COMPANIES & MARKETS**

**OTHE FINANCIAL TIMES LIMITED 1993** 

Tuesday June 15 1993



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#### **SEC** lifts restrictions on Zeneca trading

Underwritters of Zeneca's £1.3bn (\$2bn) rights issue Underwriters or Zeneca's £1.30n (\$Zon) ngms issue can trade normally in the shares over the next few days after the US Securities and Exchange Commission changed its decision on restrictions, it lifted a fimitation which had raised fears that the underwriters would not be able to support the share price. However, the SEC has said that the US marketing syndicate had to stop operations as of last night. Page 26

BT issue subscribers reach 4m

More than 1.8m people have registered for the sale of the UK government's remaining 21.9 per cent stake in BT, taking tha total of subscribers to more than 4m. SG Warburg, the government's global co-ordinator, said the incentives, at 10p, were less generous to reflect the fall in Interest rates since the last sale in 1991. Page 22

Heywood Williams buys in US

Heywood Williams, the UK building materials group, plans to acquire a specialist building products group in the US. The acquisition for \$53.25m in cash of LaSalle is "an exciting development for the group", according to Mr Ralph Hinchliffe, chair-

#### Rumblings on Wall Street



Equities trading in the US is under review by Market 2000, a Securities and Exchange Commission study into the regulation of the country's stock markets. The last time the SEC undertook a comparable study was 20 years ago and led to the revolution of 1975, which forever changed the way business was conducted on Wall Street, Page 22

#### Daiei widens its lead

Daiei, Japan's largest supermarket chain, is to absorb three retail affiliates next March, just as Japan's retailers are being hit by a plunge in con-sumer demand and increased competition from discount chains and convenience shops. The chain will push annual sales up to Y2,590bn (\$24.6bn) and widen its lead over ito-Yokado, Japan's sec-ond largest retailer. Page 23

Apple announces price cuts

Apple Computer yesterday announced US price cuts and customer rebates in a move that could spark a price war in the personal computer industry. Over the past 18 months, prices of PCs in the US have declined by nearly 50 per cent. Page 21

#### Recipe for growth

Baxters of Speyside, femily-owned maker of high quality soups and preserves, has doubled sales in the last five years, under the direction of Ms Audrey Baxter, now managing director. Its premium foods command shelf space in the ruthlessly com-petitive UK store and supermarket sector because they bring profits to the retailer. Page 28

#### **Market Statistics** Same lending rates

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## GE Capital secures lower price on GPA

By Roland Rudd

GE CAPITAL will be able to exercise its option to take control of GPA Group for less than \$200m (£130m), according to a draft prospectus circulated to sharehold-

The option price is \$100m less than lenders to the Irish aircraft leasing group were expecting when the prospective deal between the two companies was signed

It reflects the tough negotiating stance of GE Capital, the financial services arm of General Electric of the US, which under

the terms of the deal can choose to exercise its option as late as March 31, 1997. The US group has also agreed in princi-ple to buy \$1.35bn of GPA's aircraft. GPA advisers believe there has been no

over the last month. GE Capital's option price is for 65 per cent of the group. It could rise to 80 per cent if key GPA shareholders fail to underwrite an additional loan of up to \$150m, which is partially convertible into equity.

However, GPA remains confident some shareholders will join in the deal. GPA has already started to seek irrevo-

cable commitments from its core shareholders to vote in favour of the agreement with GE Capital before its extraordinary general meeting in August. The group needs the support of holders of 75 per cent real deterioration in fts trading position of its shares.

Directors of GPA, meeting at their Shannon headquarters in the Republic of Ireland, yesterday approved the repayment of \$122m of medium-term notes due on Wednesday after deciding that the group's working capital requirements

were satisfactory.

GPA's 138 lenders have been asked to extend their waivers of breaches on its

banking covenants to the end of July. The request comes in a document from the group which also contains the final draft

bank implementation agreements on tha restructuring of GPA's \$5.2bn borrowings.

The key lenders hope to finalise the bank agreement by early August. GPA hopes to have its results for the year to March 31 in a final form by the end of

The accounts are expected to contain hundreds of millions of dollars of provisions to cover the cost of restructuring. lost deposits from aircraft manufacturers and falling aircraft values.

#### Nikki Tait analyses a shake-up at the world's biggest package delivery group

## **UPS** rethinks its deliveries of red ink from Europe

NITED Parcel Service, the world's biggest package delivery company, is rethinking its European strategy. "We're going through the kind of appraisal we've never had time to do," admits "Oz" Nelson, UPS's chairman.

The motive is simple. UPS, a privately owned company handling almost 3hn packages a year and clocking up annual revenues of \$16.5bm (£10.7bm), has spent the past eight years huying up local delivery firms across Europe. The 16th and final transaction, the purchase of Carryfast in the UK, was announced in June last year.

Although most of the deals were modest, UPS's total European investment, including revamping the acquired facilities, is thought have topped \$1hn.

Its reward, however, has been a steady flood of red ink. In 1992, "foreign" operations lost \$276.2m before tax. This stretches the cumulative deficit for the last three years to \$795.8m.

UPS does not split out its international businesses, but it does confirm that the bulk of these losses are in Europe.

abandoned its long-held aim of achieving profitability in the "Maybe we'll get there in 1996."

says Mr Nelson. UPS is not alone in losing money hand-over-fist on a European delivery business. Federal Express, UPS's Memphis-based rival, was obliged to abandon its attempt to establish an intra-European delivery network last year, after operating losses mounted to more than \$100m a

The retrenchment cost 6,600 jobs and produced a one-off

Most analysts attributed these problems to a serious mismatch between supply and demand. The two US glants were drawn to Europe because they believed that a unified European Commnnity would accelerate the development of pan-European husinesses and create a related demand for speedy, reliable crossborder delivery services.

To an extent, this has bappened. UPS, for example, signed a contact earlier this year with General Motors' European distribution network for the overnight delivery of repair parts for Opel and Vauxhall cars.

But in general the pick-up in cross-border volume has been slow to emerge. The overnight intra-European market has been put at fewer than 200,000 packages per day, for example, against 2m-3m sent around the

Federal's retrenchment removed one competitor from the market but other hig firms -notably Brussels based DHL, Australia's TNT and UPS - contime to battle for these thin pick-

D ut now, in what appears to be a shift of approach, Mr Nelson suggests that UPS no longer sees its salvation in an increase in cross-border demand. There's just not a lot of business," he admits. "But if we can make the domestic operations [in Europe] profitable, all the rest will eventually be gravy."

This is where the rethink is concentrated. There is little UPS can do about Europe's recession, but it may be able to work on localised management problems. These stem partly from UPS's Qeographic split of sales and profits



corporate culture in the US. It is one of America's biggest private companies, owned principally by its managers and supervisors. It has, for years, prided itself on running an immensely efficient delivery operation, sending its ubiquitons brown vans to every corner of the US.

But, until recently, UPS con-centrated on delivery rather than selling the service, which in turn led to strict work-rules and a rather conformist culture. The company employed efficiency to dete mine how fast drivers should walk, how they should carry the packages, handle van keys, and

By contrast, UPS's marketing department consisted of half a dozen people. The company also clung to listed delivery rates long after competitors, such as Federal and Airborne Express, wooed corporate customers with discount offers. Attempts to impose the same

corporate approach in Europe have not always gone smoothly. In Spain, for example, where UPS purchased a package deliv-

ery company called Cualiado in 1990, there was a costly onemonth strike by drivers last year. The drivers' grievances centred on US-style working conditions: they were unhappy about UPS's no-smoking rules and its uniform requirements.

some top management when axecutives retired shortly after the Prost Transport acquisition. in Italy, it simply misjudged the competition: delivery by the Italian post office is very cheap. three days is not going to pay our

In France, meanwhile, UPS lost

rates," admits Mr Nelson. UPS says that It learnt two decades ago, when it first tried to huild a German network from scratch, that foreign operations

have to be run locally. Although top management has now changed at the Spanish, Italian, and to an extent at the French operations. Mr Nelson says the company still employs relatively few US nationals in

Europe. But he is equally emphatic that these local managers, with the Atlanta head office, need to make a thorough assessment of pros-

How radical the conclusions may be is a moot point, but it seems some serious reshaping may be on the cards. For example, in Italy, Mr Nelson is mulling over the possibility of turning the business into a courier service "when we grow up there".

He is also insistent that much of the solution in Europe needs to be marketing driven, giving operations more support through the regional headquar-ters in London. This mirrors the changes which he has just pushed through in the US.

At the end of the day, UPS's weaknesses may be its strengths. The company has long pockets, a solid balance sheet, a large profit-able US husiness, and - because of its private status - no pressure from Wall Street investors. It also invites European managers into the ownership structure, giving them a vested interest in success.

Asked to confirm that UPS will not repeat Federal Express's retrenchment, Mr Neison says: We don't walk away. We may tackle it differently."

## Ferruzzi investors move to sell shares

ITALY'S troubled Ferruzzi group yesterday took another mauling on the stock market as investors rushed to sell their holdings in the debt-laden company. The Milan stock market failed

to make a price in Montedison, Ferruzzi's main industrial snb sidiary, after a torrent of sales Stock in the Ferruzzi Finanziaria (Ferfin) holding company fell almost 13 per cent to L662.3 from L760.1 on Friday, while opening prices for Montedison showed a 10 per cent drop to L880 from 1.975.

The drop in values has wiped about 12,000hn (\$1.3m) off the capitalisation of Ferfin and its subsidiaries in the past week as investors reacted to revelations of the group's L31,000bn borrowings and decision to hand its fate to a group of banks.

The collapse in the shares bas triggered calls for action, or at least a statement, from either the bourse regulators or the creditor banks. Last week, Mr Rnzo Berlanda, chairman of Consob, the stock exchange and companies watchdog, defended the decision not to suspend Ferruzzi group shares. Mr Berlanda argued that sus-

pending Ferruzzi group shares in Milan would have been pointless without similar action by supervisors on other stock markets where parts of the group are quoted. Montedison shares trade on five European bourses, apart from Milan, as well as New York. The hanks involved, which include Istituto Bancario San Paolo di Torino, Banca di Roma, Credito Italiano and Banca Commerciale Italiana, have all declined to comment on the Ferruzzi rescue talks, in spite of the growing pressure for a statement as a result of the share price collapse.

The scale of the fall in the shares, with Ferruzzi stock drop-ping by almost 26 per cent last week alone, has started to trigger calls for action as the "Ferruzzi factor" has spilled over on to other parts of the bourse.

Shares in some of five bank forming the group's creditors' committee have suffered, with stock in Mediobanca, leading the rescue talks, falling 5.7 per cent to L15,350 yesterday.

Ferruzzi's problems appear not to have affected its activities in the commodity trading sector, where the group retains active, if reduced, presence nn many commodities markets. Fondiaria's future, Page 20

## **UBS** faces legal challenge from shareholders on raising capital

By Ian Rodger in Zurich

BK VISION, the Swiss financial securities investment company, has launched a legal challenge against new bylaws of Union Bank of Switzerland that would enable the bank to raise capital without offering prior rights to

BK, which was set up in October, 1991 by Mr Martin Ebner's BZ Bank group, is already the largest single shareholder in UBS with a 15 per cent stake. BK's policy is to take an active

interest in the strategic policies of the financial companies in which it holds stakes and to protect shareholder interests if the need arises. It jostled recently with UBS

over Its decision to sack Mr Christoph Blocher, a BZ group ally, from its board, but chose not to make a stand on that mat-

Mr Ebner, who is BK's chairman, said yesterday that the argument over the bylaws was less likely than the Blocher case to become emotional. Moreover, if BK did not take it up, then it would forfeit its credibility as a responsible shareholder.

UBS enacted resolutions at its annual meeting in April, taking advantage of provisions in last year's revised Swiss companies law enabling companies to create authorised capital that could be used for "important purposes" at any time for up to two years. The new law also enabled them to create conditional capital for use indefinitely in convertible or war-

In both cases, there was the possibility of issuing shares without offering shareholders normal

priority subscription rights. BK is claiming that the law requires such resolutions to cite a purpose for which the authorised shares are to be used, such as a specific acquisition.

UBS made no specification, but its bylaws already say that such shares could only he used for takeovers or financing takeovers. BK also claims the decision or whether to waive shareholder rights cannot be delegated from

the general meeting to the board UBS acknowledged that the new companies law "left several points of law open" and welcomed the opportunity for early clarification by the courts. It argued that "a narrow interpretation of the new legislation would do insufficient justice to the practical needs of today's companies and the specific situation of the capital market".

## BET cuts dividend after loss

By Richard Gourley in London

BET, the husiness services company, yesterday cut its final dividend after reporting another year of losses and continuing downward price pressure in its main markets.

Pre-tax losses in the year to the end of March were £9.8m (\$15m) on sales of £2.18bn. The figure was struck after further provisions for the cost of stripping out all management layers between the profit centres and head office and also to cover further asset value write-downs.

Mr John Clark, chief executive, said that in spite of the losses, the group had now put its balance sheet on a sound footing after the repayment of all its auction market preferred stock. The way was now clear for a return to profitable growth.

He warned, however, that BET still needed to cut costs at the operating level - where margins have continued to slide - as the group still faced falling prices and pressure from competitors, who were prepared to sell purely

on price. BET would still need the last year of its self-imposed three-year turnaround programme" to establish the right mix of husinesses and to hring profitability up to that of competitors.

As expected by the market, BET chose to cut the final dividend. The final payment will be 1.25p, bringing the total for the year down to 3.25p from 6.5p. The loss per share was 4p compared with a 63.3p loss last year. The pre-tax loss for 1991-2 of

£448.4m included nearly £600m of

provisions for goodwill write-offs

and losses on disposal or termi-

nation of underperforming operations.

This year £33m of provisions covered reorganisation of management and installation of management control systems. Comhined with a unified reporting and accounting procedure introduced last year, head office now had a clear picture of what was going on at its 80 profit centres.

In addition BET wrote off £42m from the value of assets, including £10m off the value of property to be sold imminently. BET said these provisions completed "the major retrenchment activity".

The group also chose to write off f21m of advance corporation tax, raising the tax charge to £15.5m, in a move which will give the group a normal tax charge in the years to come.

BET shares rose 3p to 111p. Lex, Page 18; Details, Page 26

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Finnish banking group hit by write-offs on credits | Finance

## Unitas slides to FM512m loss for first four months

By Hugh Carnegy in Stockholm

A DOUBLING of loan losses plunged Unitas, Finland's second-largest banking group, deeper into the red in the first four months.

However, credit write-offs appear to be reaching a peak and should not exceed last year's total.

in a stark illustration of the depths of the crisis in the Finnish banking system. Unitas reported pre-tax lossas of FM512m (\$93.9m) - almost twice the level in the same period of 1992, when losses reached FM266m.

The chief culprit was another spate of bad loans, with write-offs on credits and guarantees rising by just over 100 per cent to FM845m, from

#### State set to offer 43% of Tele Danmark

By Hilary Barnes in Copenhagen

THE DANISH government is preparing to sell off a large minority stake in Tele Danmark, the state's monopoly

telephone company. Mr Arne Melchior, communications minister, said the government was prepared to redoce its present 94 per cent holding in Tele Danmark to 51 per cent within the next 12 months

The company was formed in 1991 through the merger of five regional telephone companles. The shares were yesterday suspended on the Copeohagen stock exchange at DKr170 (\$27).

Plans to sell off shares to the pohlic have been delayed several times by political difficul-

The shares currently carry two conditions which mean that the share price does oot reflect the value of the group. This has made them unattractive to private investors.

However, the portfollo of non-performing credits fell by FM268m from the end of 1992 to FM8.57bn at the end of April. Of this total, some 18 per cent is accounted for hy the trade, restaurant and hotel sectors, 12 per cent by property and 10 per cent by the con-struction industry.

Mr Vesa Vainio, chief executive, said the resnit for the year would show some improvement on the FM7.2bn loss in 1992, when credit losses tripled to FM3.3bn. But he warned the result would remain "severely negative"

Mr Vainio predicted that Unitas, the holding company for the Union Bank of Finland, would achieve its strategic objective of avoiding takeover by the state, a fate that has already befallen two Finnish banking groups.

Due to a fall in its risk-weighted assets to FM127.3bn from FM130.4bn at the end of 1992, the group's capital adequacy ratio under BIS calculations was down only marginally to 11 per cent from 11.1 per Unitas said that even with

out the FM1.7bn in preferred capital it received from the government last year, its capital adequacy ratio would be above the international minimum of 8 per cent.

The group reported that a trend of falling interest rates had led to a faster growth in interest income than interest expenses, resulting in a rise in net interest income of 7.5 per cent to FM686m. There was also a 38 per cent rise in other income to FM697m. However, group operating expenses rose 6.4 per cent to FM881m.

## Steyr chief expects Sch100m shortfall

STEYR.Daimler-Puch Machinery, the Austrian arms and vehicle maker, is expected to make an operating loss of at least Sch100m in 1993, chief executive Mr Rudolf Streicher told the company's annual meeting, Reuter reports from Vienna.

"We expect a triple-digit loss (in millions of schillings)," Mr Streicher said, Only two of the 13 companies Steyr controls -Steyr Mannlicher and Steyr-Daimler-Puch Spezialfahrzeug had delivered a positive result so far this year, he

He declined to give full details of first-half performance ahead of the presentation of final half-year results in July. Steyr is 71 per cent owned by

Creditanstalt-Bankverein. However, Mr Streicher said that Steyr, which had a 1992 net profit of Sch17.5m (\$1.53m) in figures which were consolidated for the first time, had suffered a further turnover loss so far this year.

Group turnover was down in the first four months hy 30 per cent at Sch3.9hn against a year earlier

Only the Eurostar minivan joint venture, being operated with Chrysler Corp of the US was on target, with turnover running at Sch2.7bn during the first five mooths.

Wholly-owned subsidiary Steyr-Daimler-Puch Fahrzeugtechnik has been worst hit, with turnover down 56 per cent so far this year - in line with the fall in turnover at the company in 1992. Landis & Gyr, the Swiss

electro-mechanical engineering group, yesterday said that Mars Electronics International, a unit of Mars Inc, bad acquired the assets, trade marks and technology of its Sodeco Cash Management Systems unit, Renter reports from Zug. Sodeco employs around 80 people, and has annual sales of SFr30m (\$20.7m). The company was unavailable for comment on financial details of the deal.

## chief of **Sandoz** resigns

By Ian Rodger in Zurich

MR VICTOR Bischoff, chief financial officer of Sandoz, has left the Swiss pharmaceutical and chemicals group "hy mntual agreement".

Mr Bischoff, who led the for-

merly secretive group's moves towards greater transparency and Involvement in international capital markets, is the third senior executive to leave in recent months.

Mr Max Link, formerly head of Sandoz' pharmaceutical division, has left to head another drug company, and his successor, Mr Rolf Soiron. has also moved on. Their departures come at a

time when the group appears to be preparing for the succession to Mr Marc Moret, the antocratic 69-year old chair-

Mr Moret announced in

March that he would step down as president of the executive board, hut would carry on as chairman and chief executive officer. Mr Daniel Wagnière, head of

the group's US subsidiary, is "This would appear to be further shake-out from the recent top-level changes," said Mr Peter Smith, pharmaceuti-

cals analyst at brokers James Sandoz declined to give any reason for Mr Bischoff's departure.

Ha joined the group in 1987 and became a member of the executive board in 1990. BP France said its chairman, Mr Raymond Bloch, will resign on September 30 and will be replaced by managing director Mr Panl Castellan, Reuter reports from Paris. Mr Bloch, 54, said the devel-

pment of BP France over the last few years was such that it no longer required both a chairman and a managing director. Mr Bloch will remain a member of the board. The company said the deci-

sion was made before British Petroleum announced on June 9 an offer for the 14 per cent of shares in BP France that it does not already own.

## Fondiaria's fate seems to be sealed

Analysts believe the Italian insurer will be sold, says Haig Simonian

SK Mr Arrigo Bianchi di Lavagna, new managing director of Italy's Fondiaria, about the need for disposals to cut borrowings and you will be invited to inquire at Ferruzzi, the main shareholder. Ask Ferruzzi, and the answer is simple: Fondiaria, Italy's third-largest insurer, is not for sale. But after this month's revelations of huge debts at Ferruzzi and the Ferruzzi family's decision to put the group's future in the hands of its bank-

> Arrigo Bianchi di Lavagna: core business is a priority

> DM1.18bn, less than the original investment and a hefty loss when interest payments on the money horrowed to huy the shares are taken into account. Untangling the German commitment means Mr Bianchi di Lavagna can turn to some of the domestic loss-making ventures into which Fondiaria diversified. These Included clinics and hotels. In both

but ill-fated expansion into cases, Fondiaria not only insurance abroad and diversification at home. Fondiaria bought the properties but also invested about DM1.21hn took management responsibil-(\$744m) in Aachener und Münity. Moreover, much of the chener Beteiligungs, Gerdiversification was financed by borrowing. The clinics and many's second-largest insurer. in which it had a 21 per cent stake. It also had a holding in botels are now for sale, Stripped of the loss-makers. the linked Volksfürsorge the priority will be to improve (Vofu) life group as part of an

earnings at the core insurance husiness. The Fondiaria group made underwriting losses of about 1,473bn last year, Losses were heaviest in third-party motor policies, where Italian

insurers have taken a battering as state-regulated tariffs have failed to keep up with the cost and quantity of claims. Mr Bianchi di Lavagna has two strategies to deal with the motor side. First, tariffs must rise to cover losses - which will be possible after liberalisation in July 1994. Second, Fondiaria must reduce the share of third-party motor insurance in its portfolio. It now has about 13.5 per cent of the Italian market for third-party motor cover

of its nearest competitor. Third-party cover ia an important cash-cow, generating about L8.4bn in daily premiums for Fondiaria. But competition is likely to keep profits under pressure, forcing Fondiarla to broaden its product

more than double the share

Many observers have already discounted Mr Bianchi di Lavagna's success in turning the group round. The focus has shifted to the group's fate after his medicine starts working. inding a single buyer for

the group as it stands would probably maxim ise the return for Ferruzzi and the family of Mr Camillio De Benedetti, the Italian financier who died earlier this year. They jointly control Fondiaria through the quoted Gaic holding company. But Fondiaria will not come

cheap. With aggregate premiums of L6,101bn last year, the group would give a foreign insurer an enviable position in the Italian market, widely believed to have the highest growth potential in Europe Failing that, a break-up is the ohvious solution. Ironically, that has been made easier dua to the 1990.91 restructuring hy Mr Scarpa ypp

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who reorganised the group into a holding company with three main subsidiaries. The biggest, La Fondiaria Assicurazioni, had premiums of L1,859bn last year. Milano Assicurazioni had L1,402bn while La Previdente had

L1,289hn. Each could be an

attractive buy in its own right Two of the three have big individual investors, which look like obvious bidders. Istituto Bancario San Paolo di Torino, Italy's largest bank, owns about 27 per cent of Milano while GroupAMA, the big French mutual insurer, has 20 per cent of La Fondiaria Assi curazioni. San Paolo is already working closely with Milano on a range of insurance and banking products; it is also one of Ferruzzi's biggest bank credltors. GroupAMA could also be tempted by Fondiaria as an easy entrée into Italy.

Many observers expect Gen. erali, Italy's largest insurer, to buy at least part of Fondiaria Mediobanca, the merchant bank leading the five-bank committee of Ferruzzi's biggest creditors, is also a leading shareholder in Generali.

The Italian market is suffciently fragmented for Generali to buy a Fondiaria unit without hitting monopoly barriers. RAS, Italy's secondlargest insurer, which is owned by Germany'a Allianz, could

sions from 13 to seven, would

reduce operating costs by £10m

a year when fully imple-

Electricity supply and distri-

bution made operating profits

#### East Midlands Electricity lifts payout 14% lands chairman, sald this tricity business, which year's dividend did not mean involves cutting operating divi-

By Michael Smith in London

ambitious expansion plan.

Last month Fondiaria sold

its shares in AMB and the sub-

sidiary controlling Vofu. The

disposal will net about

ers, many observers believe Fondiaria's fate has heen

sealed; Mr Bianchi di Lavagna

Even if disposal is not a fore-

gone conclusion, Fondiaria

must be turned around. With

Ferruzzi struggling for sur-

vival, Fondiaria - which lost about L580bn (\$392m) last year

and faces consolidated net

debts of about L2,000hn - must

start paying dividends again.

Much of the borrowing came

under Mr Alfonso Scarpa, Fon-

diaria's former managing direc-

tor, who oversaw an ambitious

is preparing it for the block.

EAST MIDLANDS Electricity set the scene for high dividend rises among UK regional electricity companies (Recs) when vesterday it raised its payout to shareholders by 14 per

Analysts had expected East Midlands, the first of the Recs to post results for last year, to offer one of the lowest dividend

"We might be looking at 14 per cent plus for all of them now," said one.

For the year to March 31, East Midlands reported pre-tax profits up 3.4 per cent at £155.1m on turnover up 1.7 per cent to £1.57bn. The final dividend was 13.78p net, making a total of 19.5p, paid from earnings of 53.3p, up 6.4 per

The shares rose 6p to 456p and the expectation of high dividend rises benefited other companies: London Electricity rose 10p to 465p and Yorkshire Electricity was up 10p at

Mr John Harris, East Mid-

that company would necessarily provide increases at the same level in future. He saw no risk of being penalised by the regulator for the dividend

"We have demonstrated we are one of the lowest cost operators in the country and we are reducing tariffs in real terms," he said. The City applauded East Midlands for its attack on

costs. Mr Harris said the

restructuring of its core elec-

of £179.6m, up 16.4 per cent. However, the energy services made an operating loss of £4.9m compared with a profit. of £1.8m in 1992. Mr Harris admitted not all

the contracting businesses had performed as well as expected.



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#### **VARD AS**

Notice of Annual General Meeting which will take place on Monday 21 June 1993 at 1700 hrs. at Shippingklubben, Haakon VII's gt. 1, Oslo 1, Norway

1. Election of an assembly Chairman and two shareholders to endorse the minutes of the assembly. Registration of

2. The Company's 1992 Accounts. a) Approval of the Profit and Loss Statement for the year 1992 and the Balance Sheet as of 31 December 1992, including the Board of Directors' Report and

the Auditors' Report for 1992. b) Approval of the Board of Directors' recommendation

or covering the loss in 1992. c| Approval of the Consolidated Profit and Loss Statement for 1992 and the Consolidated Balance Sheet as of 31 December 1992.

3. Approval of the remuneration to the Board of Directors. 4. Approval of the Auditors' Fee.

5. Election of the Board of Directors, including the

Consideration of the Board's proposal to extend Mosvold Farsund AS' stock option until 28 February 1995. The Board has concluded a slock option agreement with Mosvold Farsund AS with the General Assembly's authorization. The Board proposes that this option be extended by one year until 28 February 1995. The Board

submits for approval the following proposal: The General Assembly authorizes the Board to extend the stock option agreement with Mosvold Farsund AS until 28 February 1995. The General Assembly's authorization to the Board to increase the share capital by up to NOK 3.6880.000, given at the Extraordinary General Assembly of 9 February 1993, is extended until 28 February 1995 Inclusive."

The Board of Directors of Vard AS Hoffsvelen 15. P.O. Box 244 Skoyen, 0212 Oslo, Norway

June 1993



BANQUE PARIBAS

US\$200,000,000 Undated floating rate securities

In accordance with the provisions of the securities notice is hereby given that for the three month interest period from 15 June 1993 to 15 September 1993 the securities will carry on interest rate of 3.6875% per onnum. Interest due on 15 September 1993 will amount to US\$9.42 per US\$ 1,000 security.

Agent: Morgan Guaranty Trust Company



The Kingdom of Belgium US\$400,000,000 Floating rate notes due

December 1999

In accordance with the provisions of the notes, notice is hereby given that the rate of interest has been fixed at 3.4375% for the interest determination period 15 June 1993 to 15 December 1993. Interest payable on 15 December 1993 will amount to US\$1,747,40 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company

**JPMorgan** 

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mented.

**BANQUE PARIBAS** 

US\$400.000.000 Undated subordinated floating rate securities

In accordance with the provisions of the securities. notice is hereby given that for the Interest period from 15 June 1993 to 15 September 1993 the securities will carry an interest rate of 3.5625% per annum. Interest payable value 15 September 1993 per US\$ 1,000 security will or to US\$9.10 and per US\$10,000 security will amount to

Agent: Morgan Guaranty Trust Company

JPMorgan

US\$150,000,000

Wells Fargo & Company

notes due 1994 In accordance with the propisions of the notes, notice is hereby given that for the interest period 15 June 1993 to 15 September 1993 the notes will carry an interest rate of 5.25% per annum. Interest payable on the relevant interes ryment date 15 Septen 1993 will amount to US\$ 134.17

Floating rate subordinated

Agent: Morgan Guaranty Trust Company

per US\$10,000 note.

**JPMorgan** 

Notice of Substitution U.S.\$20,000,000 Banco Itamarati S.A. 11½ per cent. Notes due 1995

Notice is hereby given to the holders of Banco Itamarati S.A. U.S.\$ 20,000,000 11½ per cent. Notes due 1995 (the "Notes") that pursuant to an Extraordinary Resolution passed at the Noteholders' Meeting held on June 11, 1993, the assumption by Internationale Nederlanden Bank (Luxembourg) S.A. of all the authority, rights, powers, duties and obligations of Internationale Nederlanden Bank (France) S.A. in respect of the Notes was approved and has now hear affacted

The Chase Manhattan Bank, N.A., London Branch Woolgate House Coleman Street London EC2P 2HD

By: The Chase Manhattan Bank, N.A. June 15, 1993



Shearson Lehman Brothers Holdings PLC (Incorporated in England) U.S. \$175,000,000

Guaranteed Floating Rate Notes due 1995 Guaranteed as to payment of principal and interest unconditionally and irrevocably by Shearson Lehman Brothers Holdings Inc.

(Incorporated in the State of Delaware) In accordance with the Terms and Conditions of the Notes, notice is hereby given, that for the Interest Period from June 15, 1993 to September 15, 1993 the Notes will carry an Interest Rate of 4.125% per annum. The amount payable on September 15, 1993 will be U.S. \$10.54 for Notes in denominations of U.S. \$1,000.

By: The Chase Manhattan Bank, N.A. London, Agent Bank June 15, 1993





FISCAL AGENT

#### COMPANIES AND FINANCE

## Apple PC price cuts and rebates may spark battle

In San Francisco

APPLE Computer yesterday announced US price cuts and customer rebates in a move that could spark a price war in the personal computer industry. Over the past 18 months, prices of PCs in the US have declined by nearly 50 per cent.

Last week Apple's chare price fell sharply when the company predicted lower than expected second-half earnings because of price cutting. Apple was trading yesterday at \$43%, its lowest price in eight

ut 14%

Appla lowered US retail prices on selected computers by between 6.8 per cent and 12.6 per cent, and by as much as 26 per cent on some periph-

company also announced a promotion with 'On-the-spot rebates", giving customers cash rebates of \$50 to \$350 on the purchase of a selection of Macintosh computers and Apple scanners and

For example, a Macintosh IIvx 4/80, middle of the product line desktop computer was reduced from \$1,899 to \$1,659. Purchasers will also get a \$150 rebate, until September 30, hringing the effective price

down to \$1,509. Momantum for Macintosh products remains strong unit shipments increased 35 per cent in the first half of our fiscal year," said Mr Boh Puette, president of Apple USA. "And, we're com-mitted to accelerating that

.Yesterday'e moves mark the second time in two months that Apple has reduced prices. in May, the company lowered the prices of some of its computers by up to 16 per cent and cut some printer prices by 29

Separately, Apple introduced e new low-coet laser printer aimed at consumers and the education market. Priced in the US at \$689, the new Personal LaserWriter 300 is one of the cheapest laser printers on

## **Investors sue Merrill** Lynch over funds

By Patrick Harverson

A GROUP of foreign investors is sning Merrill Lynch for more than \$86m. They allege they were misled over the riskiness of an international mutual fund sold by the hig US securi-

ties house. The suit, filed in a San Diego court by individual investors and investment companies from Mexico, Liberia, Israel and the British West Indies, revolves around two of Merrill's mutual funds – the Short-Term World Income Portfollo and the Short-Term Global Income Fund - which invest in short-term foreign

According to the suit, the

lar, yet the foreign investors in the World fund were not adequately informed in the prospectus of the risks, while the US investors in the Global fund were told of the riskiness of their fund's investments. Merrill Lynch emphatically

refuted the allegations. In a statement, the firm said: There were no misrepresentations to World fund investors and there is absolutely no merit to this lawsuit."

Merrill said the investors ignored the full disclosure of currency and hedging risks in the prospectus, which met all international standards.

The investors suing Merrill are seeking to have their suits. which are claiming unspecified damages of at least \$86m, certitwo funds were broadly simi- fied as a single class action.

## Caisse de Depôt buys further 22% of Univa

By Robert Gibbens in Montreal

CAISSE de Depôt, which manages Quebec's public pen-sion funds, is buying 22.5 per cent of Univa, Canada's second higgest food distributor.
It is buying the shares from

Mr Bertin Nadeau, a Montreal entreprenenr, for C\$171m (U\$\$134m). The deal increases Caisse's shareholding in Univa to 36 per cent, including shares it already owns. How-ever, it is tooking for an investor group to buy part of this.

Caisse is paying C\$8.50 a share, or slightly more than the recent stock market level. It is not required to make a fotlow-np offer. Mr Nadean, through his Unigesco holding company, owned 26 per cent of Univa. He was the higgest sin-gle shareholder and was chairman of the Univa board.

Including 2.2m Univa shares that Unigesco is transferring to the Ontario Teachers Pen-sion Board to satisfy a C\$25m debenture exchange option, Mr Nadeau is effectively receiving C\$196m. He will use the proceeds to meet Unigesco debt payments due over the next

In February New York investment bankers Bleckstone Group offered C\$11 each for all Univa's shares in a takeover worth around C\$1hn. This was withdrawn following opposition from the Caisse.

E. M. Warhnrg Pincus, another New York investment group, also bid C\$8.85 a share for Mr Nadean's 26 per cent, hnt withdrew at the last

· Laurentian, the financial services group, has negotiated a C\$130m five-year line of credit with National Bank of Canada, National Westminster Canada, and Credit Lyonnais Canada to be used partly to repay a C\$70m preferred issue. BCE, Canada's biggest telecommunications group, is sell-ing BABN, an international lottery ticket manufacturer, to one of Canada's fastest-growing commercial printers for C\$47m. The disposal completes nearly all BCE's divestment of

## Carmakers' prophet shows the road ahead

Mr José Ignacio Lopez shares his vision for Europe with Christopher Parkes

A prophet Mr José Igna-cio Lopez de Arriortua, the European car industry will go the same way as steel and shipbuilding unless the third industrial revolution gets

under way soon. According to Mr Lopez, the engineer, the seeds of revolu-tion number three - the successor to the steam-powered loom and the moving produc-tion line – have already been sown in the vast factory halls of Volkewagen's German

And if Mr Lopez the long-sighted manager has his way, a second crop of radical changes in mannfacturing methods will soon be spronting on a new green-field site in northern

Adeptly swapping all three hats in his first full-scale outing yesterday, Mr Lopez totted up the components of the impending crunch. International investment plans in motor manufacture, most notahly Korea's proposals to raise output from 2m to 7m cars a year, would burden the world with more than 10m cars' worth of excess capacity hy the end of the 1990s, he

in Europe, all the trends. especially cost structures and imports from Japan and Japanese transplants in the US and England, were going in the

Mr Lopez flashed up a graph showing all German motor

CCORDING to the makers' input costs rising dramatically - except for one. The line for Adam Opel, his former employer, clearly demon-strated his ability to reduce costs and keep them moving

> If the battle for tha motor industry were lost, European manufacturers were fated to become second-class citizens. ne said.

Not to fear though; VW had chosen to fight and to win. Promising quantum leaps, powered by a concept dubbed Continuous Improvement Programme Squared (KVP2), Mr Lopez unveiled a graph showing VWa future performance bouncing in a series of dramatic loops way above the steadily-rising trend line established by the Japanese. The time-scale axis was void of

o clear any doubts, he flashed up more charts and figures. Since be Joined VW in mid-March he and his team have set up and completed 114 one-week workshops in which teams of freshly-inspired workers had already unleashed part of the power of KVP2. Average results from these

projects have so far shown a 30 per cent improvement in quality. Productivity was up an average 28 per cent. Lead times have been reduced by 37 per cent, stock requirements by 34 per cent, and the necessary working space by 29 per ceot.

for its other middle and econo-

annual meeting for July 23,

when it will ask shareholders

to vote on its controversial "de-

merger" plan. Marriott wants

to spin off its hotel manage-ment business, leaving the

property assets and the bulk of

the group's heavy debts in the

This has angered bond-holders, and some have taken

ongoing company.

Marriott has also called its

my-market hotel properties.



José Ignacio Lopez: 'lost enthusiasm' with GM plans

As a prize example, he selected the piston preassembly shop in the Salzgitter works, where productivity was already up 67 per cent and the workforce was operating in 60 per cent less space. Even as he spoke, 41 further workshops were under way and 53 were planned for next

However, epart from some generalities about "spirit, ascendant values, protagonism", he divulged few details. He was giving little away which might benefit competitors. He was, rather, sharing his vision of himself as a committed European, en mission searching restlessly for new

inefficiencies to be rooted out, while bidding to soften some of the harsher impressions of his manner and methods disseminated by the media.

t was naïve to believe that a 30 per cent improvement in productivity could lead to 30 per cent fewer jobs, he

His whole concept was founded on the principla that if VW offered customers cars etuffed with enhanced value, at prices the market could bear, they would buy more cars and the company could employ more people. Similarly, the man known as

Johnson Products' majority

shareholder has agreed to vote

for the takeover unless the

company's board accepts or recommends e hetter offer

In Europe, Ivax has expan-

ded rapidly. Efforts to extend

its marketing network and

product range includes the

£22m (\$33.8m) ecquisition of

Waverly Pharmaceutical, a pri-vately-owned UK contract manufacturing group, and the

purchase of Harris Pharmaceu-

ticals, a generics maker.

before July 29.

for his rigorous ways with component makers, cleimed thet far from reducing the number of the group's outside suppliers, their numbers might even grow from around 10,000 now to as many as 30,000 under the beneficient impact of KVP2.

While this appeared to be at odds with other official statements from within the VW hierarchy, Mr Lopez showed himself to be a man unafraid of a little fudge.

On the issue of his hizarre defection from GM this spring, he claimed Mr Ferdinand Piech, group chairman, and he hed been hrought together before Christmas by "a sup-

plier". Earlier statements from Mr Piech to the effect that he had been approached directly hy Mr Lopez were "a misunderstanding", a spokesman

But he was quite clear on the reasons for his arrival at VW: on March 8 at Adam Opel, he discovered that GM had different ideas for his ultra-lean dream plant for a dream car in the dream location of his Basque home-

"I lost my enthusiasm and willingness when I realised they would not make it in the way I would like," he said.

"Mr Piech promised me nothing, but he believes manufecturing can be improved by my ideas. I am confident we will

#### Marriott in \$32m charge | Ivax agrees to takeover

By Nikki Talt in New York

MARRIOTT Corporation, the US hotels and food services group, is to take a \$32m charge against its second-quarter earnings, to reflect more accurately the net realisable value of assets being "held for sale".

Marriott said the after-tax, non-cash charge followed discussions with the Securities and Exchange Commission, As a result of the talks, Marriott will now determine the net realisable value of all assets held for sale on a property-byproperty basis.

It had previously calculated

the figure using a property-by-By Karen Zagor in New York property analysis for its fullservice hotels, hut an aggregate basis - hy hotel brand -

IVAX, a rapidly-expanding US holding company formed from the merger of three pharma-ceutical and chemicals companies, yesterday agreed to buy Johnson Products in a deal valued between \$61m and \$73m.

On Wall Street, shares in Johnson Products, a health care products group, jumped \$5% to \$24%, while lvax edged \$% higher to \$25% after a

delayed opening.

The planned deal is subject to a number of conditions, including regulatory and shareholder approval and con-

#### **Bombardier** aircraft plan firmation that the transaction qualifies for accounting treatment as a pooling of interests.

By Robert Gibbens

BOMBARDIER, the aerospace and transit equipment group. is moving towards production of the Dash-8-400, a 70-seater turboprop regional airliner.

Its de Havilland unit in Toronto, acquired in 1992 from Boeing, has invested C\$15m (US\$11.6m) in the Series 400 programme up until now.

Bombardier says wing-design refinements and other technological improvements fit the elrcraft closely to emerging

## CONSOLIDATED ANNUAL REPORT

Statement of for the period April 1, 1992 to Merch 31, 1993) in Mailons of Yen	(Now encied March 30) 4,825 4,827 5,090
Net sales       4,627,499         Cost of sales       3,300,853         Income before taxes and minority interest       85,982         Income taxes       63,045         Net income per share       6.40 (in Yen)	1,000 2,000 1,000 1993 1992
Balance Sheet	(March 31, 1993) in Millione of Yen
Assets	Liabilities and Shareholders' Equity
Cash and cash equivalents	Bank loans and current portion of long-term debt
	Total liabilities and

In Touch with Tomorrow TOSHIBA

## U.S. \$150,000,000

Formosa Plastics Corporation, U.S.A.

Floating Rate Notes due 1999 in accordance with the provisions of the Notes, notice is hereby

given that for the six month Interest Period from June 15, 1993 to December 15, 1993 the Notes will carry an Interest Rate of 5.0825% per annum. The interest payable on the relevant interest payment date, December 15, 1993 will be U.S. \$12,867.19 per U.S. \$500,000

By: The Chase Manhattan Bank, N.A. London, Agent Bank





U.S. \$300,000,000 ed Floating Rate Primary Capital Notes (Sertes 3)

For the six months from June 15, 1993 to December 15, 1993 the Notes will carry an interest rate of 3.6625% per annum. On December 15, 1993 interest of U.S. \$186.18 and U.S. \$1.861.77 will be payable per U.S. \$10,000 and U.S. \$100,000 respectively for Coupon No. 14.

Louise, Agent Bank June 15, 1993

<u>{</u> By: The Glosse Manhallan Bank, M.A.

NACIONAL FINANCIERA, S.N.C., Trust Division as trustee of the Natha Finance Trust (a man under the love of Mexico) US\$200,000,000 Guaranteed Floating Rate Notes duc 1997 nally and Irrevocable Guaranteed by NACIONAL FINANCIERA, S.N.C. Notice is hereby given that the Rate of Interest has been fixed of 1.5.90625% and that the interest poyable on the relevant interest Payment date September 15, 1993 against Coupon No. 3 in respect of US\$10.000 originally issued face amount of the notes will be US\$132.18. June 15, 1993 By Criticalk, N.A. (Issuer Services), Agent Bank CITIBANG

To the Holders of Restructured Obligations Backed by Senior Assets, B.V.

Pursuant to the indenture daied May 1, 1990, as amanded and restated es of June 15, 1990, hetwaan the issuer and State Street Bank and Trust Company, as Trustee, notice is hereby given that for the Interest Accrual Period June 10, 1993 through September 9, 1993, the rates applicable to the Secured Senior Floating Rates are 3,675% and 4,125% respectively.

## The Royal Bank of Scotland Group pic

PRIMARY CAPITAL NOTES In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest Period from 15th June 1993 to 15th December 1993, the Notes will bear a Rate of interest of 3.75% per annum. The amount of interest payable on 15th December 1993 will be US \$190.62 per US \$10,000 Note and US \$4,765.62 per US \$250,000 Note.

US \$350,000,000 UNDATED FLOATING RATE

AGENT BANK: CHARTERHOUSE BANK LIMITED A Member at The Securities and Futures Authority



U.S. \$600,000,000



Malaysia

Floating Rate Notes Due 2009

Interest Period

51/4% perannum 14th June 1993 14th December 1993

Interest Amount per U.S. \$10,000 Note due 14th December 1993 U.S. \$266.88

Credit Suisse First Boston Limited

#### Temple Court Mortgages (No. 2) PLC

£150,000,000

Multi-Class Mortgage Backed Floating Rate Notes 2031 Class A2 £75.000.000 Class A1 £75,000,000

The rate of interest for the period 11th June, 1993 to 13th September, 1993 has been fixed as follows:-Class A2 is 6.4875 per cent, per annum payable at £167.08 per coupon. Coupon No. 10 is payable on 13th September, 1993. Class A2 aggregate principle amount of Notes curstanding as at

1frh June, 1993: £71,120,000. S.G.Warburg & Co. Ltd.

Agent Bank 



## **AgipPetroli**

SALE of LiquiPibiGas 5.p.A.

Agip Petroli S.p.A., headquartered in Rome, Via Laurentina 449, with fully paid up share capital of Lire 1,300,000,000,000, registered with the law courts of Rome n. 5405/77. seeks expressions of interest for the acquisition by a sole party of 100% of the liquified petroleum gas distribution activity of its subsidiery LiquiPibiGas S.p.A., headquartered in Millan. Vie Medici del Vascello 26 ("LiquiPibiGas"). Furthermore. Agip Petroli seeks expressions of interest for the acquisition of an interest in LiquiPibiGas' terminal for the importing of fliquified petroleum gas, which is located in Livorno

Expressions of interest must be for the acquisition of both of the following activities Distribution Activity 100% stake of the company into which LiquiPibiGas will contribute its distribution business consisting of a network for the distribution of liquified petroleum gas.

Liverne Terminal

Long term transit contracts and e minority stake of the company into which LiquiPibiGas will contribute the activity of the Livorno termines.

For the purpose of this transaction Agip Petroli has engaged the services of MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Alejandro O. Rossi Tel: (39-2) 7744223 Fax: (39-2) 76015284

Interested parties should apply in writing to MORGAN GUARANTY TRUST COMPANY OF NEW YORk for a copy of an information Memorandum prepared by Morgan Guaranty los LiquiPibiGas. Application by fax is acceptable. The Information Memorandum is only available to quatified limited liability companies which as of the date of the tast approved financial elatemente had, and continue to have on application for the Information Memorandum, net worth of not less than Lire 20 billion

Applications for the information Memorandum must be submitted no feter than 25th June 1993. Prior to receiving the Information Memorandum, inferested parties will be required to provide to Morgan Guaranty, in terms that Morgan Guaranty itself will indicate a Confidentiality Agreement, signed by a legal representative, together with financial statements for the last three years, a description of the applicant's activity and indication of the industrial objectives of the potential investment. Brokers or any other intermediary must disclose the name of their principal. Agip Petroli reserves the right, at its sole discretion and without assigning any reason, to refrain from providing the Information Memorandum to any interested party.

This advertisement is for information purposes only end is not and should not be construed as an offer to buy or sell securities in any jurisdiction. It is neither a public offer at at 1336 of Italian Civil Code, nor e solicitation to public saving ex art. 118 of Italian Law 7/6/74 n. 216 and successive modifications and integrations. This advertisement and any expression of interest deriving therefrom shall not bind Agip Petroli or LuquiPibiGas to proceed with any sale. Agip Petroli and LiquiPibiGas reserve the right to make any final decision as to whether to proceed with any of the proposed sales and on the terms of

This advertisement and the sale procedure are subject to Itelian Law

This advertisement, for which Agip Petroli S.p.A. is responsible, has been approved by Morgan Guerenty Trust Company of New York, a member of the Securities and Futures Authority, for the purposes of Section 57 of the Financial Services Act 1986. Morgan Guerenty Trust Company of New York is acting for Agip Petroli in relation to the publication of this advertisement and is not acting for any other persons and will not be responsible to such persons for providing protections afforded to customers of Morgan Gueranty Trust Company of New York or advising them as to any matter referred to herein.

BANKING FINANCE

AND INVESTMENT The FT proposes to publish this survey on SEPTEMBER 10 1993.

For a full editorial synopeis and details of available advertisement positions, please call: Mikael Heinio Widell Herengracht 472 f017 CA Amsterdam

1047 CA Amsterdam
Tel: [201 623 9430/622 5668
Fax: (20) 623 5394
or afternatively
Sandra Lynch
One Southwark Bridge
London SEI 9HL
Tel: 071-873 4199
Eng. 076-973 1024 Fax: 07f-873 3934

FT SURVEYS

£175,000,000 Floating Rats Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 10th September, 1933 has been fixed at 6.0875% per annum. The interest accraing for such three month period will be £13.44 per £10.000 Bearer Note, and £1,534.38 per £100.000 Bearer Note, on 10th September, 1993 against presentation of Coupon No. 8.

Union Bank of Switterland London Branch Agent Bank 10th June, 1993



US\$325,000,000 Floating Rate Notes due 1999

Notice is hereby given that the notes will bear interest of 3.3125% per annum from 15 June 1993 to 15 September 1993, Interest payable on 15 September 1993 will amount to USS: 47 per US\$1,000 ante and US\$\$4.65 per US\$10,000 note and US\$846.53 per US\$100,000 note.

Agent: Morgan Charanty

Trust Company **JPMorgan** 

#### INTERNATIONAL COMPANIES AND FINANCE

## SEC study could bring equities trading shake-up

Patrick Harverson examines the US regulation issues which the Market 2000 review is considering

THE STRUCTURE of equities trading in the US could soon face a shake-up if Market 2000, the Securities and Exchange Commission's year-long study into the regulation of the country's stock markets, packs anything like the punch of its predeces-

The last comparable study undertaken hy the SEC, the government agency that administers US securities laws and regulates financial markets, was completed 20 years ago and led to the "May Day" revolution of 1975, which abolished fixed brokerage commis-sions and forever changed the way hustness was conducted on Wall Street.

The SEC's division of market regulation, which is compiling Market 2000, hopes the review will be ready later this summer, although it may he delayed by the arrival of the new SEC chairman, Mr Arthur Levitt, who has yet to he confirmed in his joh hy Coo-

The study's recommendations will be considered by the agency's five commissioners, who will decide whether to introduce regulations based on Its findings. Congress may then amend the US securities laws in line with any reforms.

The motivation behind Market 2000 dates from the changes introduced in 1975. The SEC hoped then that the competitive forces its reforms unleashed would lead to the evolution of a single national market system through which all stock trades would be routed, and which would be accessible to all investors.

While many of the changes introduced in 1975 have benefited the securities husiness trading volume has risen steeply, new financial instruments and trading methods have proliferated - the competitlon that the reforms unleashed produced a fragmentation, not a centralisation, of

US stock markets. Today, share orders are executed in an array of different arenas. While many investors huy and sell stocks in the traditional way - through brokers who place their orders on the floor of the New York Stock Exchange - others trade via brokers who execute orders on electronic over-the-counter

Also, some higger investors trade directly with broker-dealer firms, while others prefer to hypass the intermediaries and exchanges altogether and huy and sell directly with

The growing multiplicity of trading forums has hed a profound effect on the NYSE, the country's largest stock market. Its share of trading in US stocks has been under attack from a growing band of competitors. They include:

 Nasdaq (the electronic bro-ker-dealer market run hy the National Association of Securi-Smaller

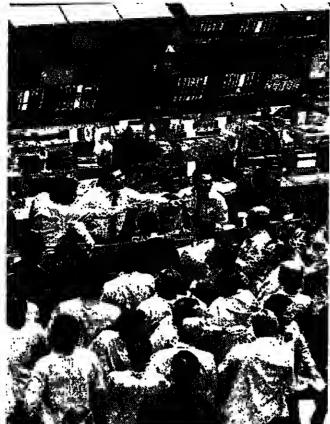
exchanges such as the American Stock Exchange; regional stock markets such as those in Cincinnati and Philadelphia. Privately-run computerised trading systems that offer investors an electronic trading forum free of dealers and other intermediaries.
The NYSE has also lost busi-

ness to the London Stock Exchange, which trades US shares before New York opens and which imposes less strict disclosure requirements on brokers and institutions than is the case in the US.

Competition has been the prime reason for the way the NYSE's grip on domestic equities trading has weakened. In 1981, 75 per cent of trading in all US stocks was handled by the NYSE. Today its share of the husiness has dropped to a little more than half.

Quite simply, brokerage firms and institutional investors have turned to other markets or systems where the absence of expensive trading floors and market-makers means trades can be completed more efficiently and for less

This sort of fragmentation is leading to the emergence of a two-tier market with one level for the big players and another for the small investors: and It is a development which



NYSE challenger: The American Stock Exchange trading floor

is of concern to the SEC. In many ways, a two-tier market already exists. Powerful institutions enjoy the benefits of fragmented markets hy using their money and power to keep transaction costs down. and to gain access to intermediary-free computer trading

Additionally, institutions can trade where they do not have to disclose all the details of their activities. The Posit system, run hy the Calilornian hroking house Jeffries & Co, is one example, and the London Stock Exchange's Seaq International system, another.

As for smaller investors, they lack the sophistication, technology and capital to access the cheaper electronic systems, and have to use traditional markets where execution can be slower and more

expensive. Even if their orders are directed by brokers to some of the newer trading arenas, it is mostly done without their knowledge or without attendant cost advantages being passed on.

The SEC is approaching the issue of market fragmentation gingerly. The agency will not say what it hopes its Market 2000 study will achieve. Instead, the SEC says only that it has been addressing a number ol issues in detail, among them: fragmentation of trading; market liquidity; the execution of trades; the emergence of privately-run computerised trading systems; and the relative regulatory hurdens on the different markets.

Above all, the SEC wants to look again at the regulatory framework that supports equi-

Much of the regulatory structure dates from hefore the 1970s, when trading stocks in

the US was a simple process. in the intervening years, the SEC has failed to develop an overall regulatory strategy. The agency admits that its approach to regulation has not been well organised. Mr William Heyman, former director of the SEC's division of market regulation and a guiding force behind Market 2000, describe the study as "an effort by the staff to look comprehensively et things which in the past we have been looking at piece-

Among the regulatory issues the study is tackling, the most contentious is the future of NYSE Rules 390 and 500. The former limits NYSE member firms from trading listed stocks away from the exchange, the latter makes it difficult for companies voluntarily to remove their stock listing from the exchange.

The NYSE's competitors have lobbied for abolition of both rules, claiming they give the exchange an unfair advan-

Although there is no indication that the abolition of Rule 500 would lead to a rush of companies away from the NYSE, the exchange neverthe-less fears that some companies might leave and list their shares on Nasdaq, home to such corporate giants as Microsoft and Apple Computer, While the NYSE is under fire

over rules 390 and 500, it is on the attack over other issues. It is highly critical of the practice employed by trading systems and over-the-counter marketmaking firms of paying hro-kers a fee (usually between one and two cents a share) for directing customer orders their

This "payment for order flow is used by trading firms and systems to bring in husiness that might otherwise go to the NYSE Madoff Securities in New York is one of the higgest payers for order flow, luring large amounts of business from hrokers in exchange for a payment and a promise of quick order execution on its in-house stock trading system. On a good day, Madoff handles as much as 10 per cent of all trading in NYSE stocks.

Not surprisingly, the NYSE wants the SEC to ban payment for order flow, arguing that in accepting payments to route customers' orders to a particular firm or system, brokers are not necessarily finding the best execution price for their cus-

ntil the SEC rules on the issue, the NYSE is defending its share of trading by offering rebates to brokers who hring small trades to the exchange. Mr William Donaldson, the NYSE chairman, said he hoped the rebate offer would "at the very least, arrest further order erosion, and at best, accomplish repatriation of order flow".

The NYSE has also challenged what it claims are

unevenly distributed regulatory costs. It says that while it is forced to comply with a wide and costly array of SEC regulations, rival electronic trading systems bear a lighter regulatory hurden. The NYSE would like to see these systems regu-lated as fully as the established exchanges. For their part, oper-ators of systems say they should be regulated differently hecause they handle only a fraction of the business han-

dled by the NYSE. What are the chances of the SEC haeding the NYSE's requests, or those of its competitors? From the start the SEC singled out Rules 390 and 500 as important issues for review in the study, so nelther is likely to survive in its pres ent form.

While abolishing the two rules would hurt the NYSE, the pain of the blow could be softened. As for the broader issues of fragmentation, and the two-tier market, the SEC's task will be still more difficult. Although, the agency is reluctant to intervene, it is under increasing pressure to do so.

As the agency's Mr Heyman says: "Ultimately, the market participants will look to the SEC to resolve these seemingly intractable issues."

## AECI, Sasol merge petrochemical and \* plastics interests

By Philip Gawith in Johannesburg

AECI and Sasol, South Africa's two higgest chemicals groups, are to merge some of their pet-rochemical and plastics interests and form a company with an annual sales of more than R2.5bn (\$784m).

The proposed merger com-hines Sasol's feedstocks with downstream converting companies in AECI, which is 38 per cent owned hy ICI of the UK. It will produce an integrated and diversified plastics group able to compete internationally. The initiative is an attempt

to improve the companies' competitive position against the background of weak international petrochemical markets and the prospect of increased competition in the domestic market as tariff barriers are lowered. Mr Mike Sander, managing

director of AECI, said: "It takes us from being an inwardly focused group to a manufacturing entity that can he very, very competitive internation-

Mr Paul Kruger, managing director of Sasol, said the venture was a logical atep in Sasol's strategy of adding value to its feedstock strength by expanding its interest in the polymer busine

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Apart from being attractive in itself, the venture offers Sasol a market for addition ethylene.

The proposed merger will allow the new company - to be owned 60 per cent by Sasol and 40 per cent by AECI - to embark on a project converting AECI's PVC from carbide feed. stock to ethylene feedsfock Sasol produces feedstocks such as ethylene, propylene and polypropylene which are

used in the production of downstream products such as chlcr-alkali, PVC, polyethylene and cyanide by AECL Mr Kruger said the deal was not anti-competitive as the two companies were not in compe-

It was "a combination of strengths, not a combination of products to eliminate conjetition in the market place...

AECI confirmed yesterday that discussions were under way, following the ICI/Zeneta demerger, "to review ICFs position in the businesses operated by AECI with a view to align ing ICI's interest in AECI more closely with ICI's international husiness strategy."

#### ENGINEERING FOR PROFIT

June 18 1993 A new twice yearly tahloid review designed to de-mystify and humanise the importance of engineering.

For a sycopsis and advertisement

information for the first issue, please Paul Jeffcris Manager FT Engineer Sales Office, George House, George Road,

Fax: 021-455 0869

Edgbaston, Birmingham, B15 1PD Tel: 021-454 0922

FT SURVEYS

#### Internationale Nederlanden Group

## First three months 1993

The results of Internationale Nederlanden Group for the first three months of 1993 showed a small increase. Compared with the first three months of 1992 net profit rose by 2.3% from NLG 386 million to NLG 395 million. Profit per share remaioed unchanged. Total assets increased by 4.9% to NLG 339.5 billion.

The results have been determined in accordance with the new accounting principles which are being applied by ING Group as of 1993. The figures for the first three months of 1992 have been adjusted to the new accounting principles to allow

Amounts in Dutch guilders	Three months	Three months 1992	°; Change
(in millions)			
Result before taxation	530	516	+ 2.7
Net profit	395	386	+ 2.3
(in guilders)			
Net profit per share	1.60	1.60	
	March 31, 1993	December 31,	
(in billions)			
Total assets	339.5	323.8	+ 4.9
Investments	131.3	128.7	+ 2.0
Bank lending	145.4	139.3	+ 4.4
Group capital base	17.9	16.7	+ 7.0



The report for the first three months can be obtained at the following address: Internationale Nederlanden Group, P.O. Box 810, 1000 AV Amsterdam, Holland. Tel.: (+31) 20 541 54 60, fax: (+31) 20 541 54 51.

> U.S. \$500,000,000 CITICORPO

ted Bank Adjustable Note Capital Securities BANCS Notice is hereby given that the Rate of Interest has been fixed at 3.625% and that the interest payable on the relevant Interest Payment Date September 15, 1993 against Coupan No. 27 in respect of US\$50,000 nominal of the Notes will be US\$463.19. tune 15, 1993, London by: Cifibank, N.A. (Issuer Services), Agent Bank CTTBANK®

Kidder Peabody Mortgage Finance Ltd. US \$205,000,000 Guaranteed Secured Floating Rate Notes due 1997

For the period from June 15, 1993 to September 15, 1993 the Notes will carry an interest rate of 4.00625% per annum with an interest amount of US \$1,023.82 per US \$100,000 principal amount of Notes payable on September 15, 1993.

ink of America NT & SA, London – Agent Bank

#### SBT-BATIF

A "société anonyme" with a share capital of FRF 2.518,146,754 Registered Officet 34/36, avenue de Friedland, 750/8 PARIS Parla Companies' Registry no. 8 542 054 168

SECOND NOTICE OF MEETING The holders of the Notes wifered to below me informed that the General Meetings convertishing 11th June, 1993 by a notice published in the FINANCIAL TIMES and the LUXEMBU WORT of Thursday 27th May, 1993 were adjourned through lack of quorum. Therefore, notice is become given to the holders of the Notes netween die below that the adj General Meeting has been convened by the Board of Directors of SBT-BATEF for

Wednesday 30th June, 1993 at 34/36, avenue or Priedland, 75008 PARIS

at 8.30 am for bolders of the USO 100,000,000 Notes Issued in March 1986 and mainting in March 1996 (interest at 6 month LIBOR + 1/8); at 8.45 am for bolders of the USO 175,000,000 Notes (initial transfer USO 100,000,000) issued in July 1986 and mainting in March 1996 (interest at 6 month LIBOR + 1/8);

Approval of a proposed spreemers for the hiving-off by SBT-BATB\* of its business of managing a portfolio of high yield bonds to ARTEMIS, a "socked monymo" with a store capital of FRP 8.382,250,000, whose registered office is at PARIS (75007) - 5, boate-ward de Latour Manbourg, registered with the Paris Companies' Registry woder number 8 378 648 992;
Acknowledgement that SBT-BATE\* about retains responsibility for the bond issues, there being

In order to attend or to be represented at any such Meeting, the holder of any Note must, at least five days before the date fixed for the Meeting, deliver to one of the paying agents mentioned below a certificate issued by an authorised intermediary evidencing that such Note has been blocked until the date of the Meeting, or the holder must deposit with one of the paying agents either such Note, or a certificate evidencing its deposit with a depository, in each case at least five days before the date fixed for the Meeting on the basis that such Note shall remain so deposited until the Meeting has been held.

held.

The text of the resolutions, together with all the documents which are to be submitted to the selevant.

Meeting, shall be open to inspection by the Noteholders at the registered office of SET-BATIF for the

Meeting, and to open to improve any one transcention in the Board of Directors to the General Meeti and the form of powers of attorney for Noteholders wishing to be represented at the relevant Meeti will be made available to Noteholders at the specified offices of the paying a genta, manely:

BANQUE PARIBAS LUXEMBOURG S.A., 10 A, boolevard Royal L-2093 LUXEMBOURG 10 A, boolevard Royal, L. 2015 SWISS BANK CORPORATION Americanomical I, CH-4002 BALE

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
PAYING Apency Department, 60 Victoria Embarkment, LONDON EC4Y OIP
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Avenue des Arts 35, 8-1040 BRUSSELS

U.S. \$100,000,000



#### **Great Western Financial** Corporation

Floating Rate Notes Due 1995

54% per annum 15th Juna 1993

Interest Period Interest Amount per

15th September 1993

U.S. \$50,000 Note due 15th September 1993 U.S. \$670.83

Credit Suisse First Boston Limited

U.S. \$50,000,000



#### Crédit Chimique

Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from June 15, 1993 to December 15, 1993 the Notes will carry an Interest Rate of 31/4% per annum. The Interest payable on the relevant interest payment date, December 15, 1993 will be U.S. \$1a1.09 per U.S. \$10,000 principal amount and U.S. \$4,527.34 per U.S. \$250,000 principal amount.

By: The Chase Manhattan Bank, N.A. London, Agent Bank



## AgipArgentina S.A.

Agip Petroli International BV (\*Agip Petroli International\*), based in Amsterdam, The Netherlands, with a fully paid-up share capital of Fl. 169,815,180, intends to receive and evaluate offers for the acquisition, by a single party, of 100% of Agip Argentina SA, based in

Agip Argentina is engaged in the bottling, distribution and marketing of LPG and the distribution and marketing of compressed natural gas for motor vehicles through service stations. Agip Argentina generated a turnover of US \$57 million in 1992 and has a modern of the service of some 1992 and has a modern of the service of some 1992 and has a modern of the service of some 1992 and has a modern of the service of the service

workforce of some 690 employees. This announcement is directed exclusively at limited liability companies having shareholders' funds of not less than US\$5 million. An information memorandum on Agip Argentina will be sent to qualified interested parties who have requested in writing, by letter or fax, a copy of the confidentiality agreement and returned it, signed by a legal representative of the interested party, together with a copy of their annual report and accounts for the last three years, a description of their activities and an indication of the industrial objectives of the potential

**Swiss Bank Corporation** Swiss Bank House 1 High Timbar Street London EC4V 3SB

United Kingdom Attn: Glovanni Orlando

acquisition. Intermediaries of any kind are required to reveal the identity of their principals. M&A Società di Mergers & Acquisitions SpA (Whotly-owned subsidiary of Swiss Bank Corporation) Via Manzoni, 43 20121 Milan

or Conor McEnroy Tel: (Intl) 44-71-711 2537 Fax: (Intl) 44-71-975 1363

Italy Attn: Dario Levi or Jonathan Gibson Tel: (Intl) 39-2-29002089 Fax: (Inti) 39-2-6599217



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TOYOTA TOyota Motor Filanace (Netherlands) B, V. V30.000,000,000 7.25 per cent. Bonds 1943 U.S.\$230,000,000 9 per cent. Bonds 1944 V30.000,000,000 7.25 per cent. Bonds 1994 £100,000,000 11 per cent. Bonds 1994 U.S.\$20,000,000 6.5 per cent. Bonds 1995 Toyota Filanace Australia Limited (ACN 602 435 181) A\$75,000,000 13 per cent. Guaranteed Notes 1994 A\$100,000,000 5 per cent. Guaranteed Notes 1996 Toyota Credit Canada Inc. 10.375 per cest. Generateed Notes 1996 C\$125,000.000

9 per cent. Generalized Notes 1997 C\$150,000,000 6.875 per cent. Guaranteed Notes 1998 our's percent Guaranted Notes 1998
Foyota Motor Finance (Netherlands) |
Toyota Finance Anstrafia Limited
(ACN 002-435-181)
Toyota Credit Canada Inc.
U.S.51.000.000
Earo Mediuat Term Note Programme Toyota Motor Finance (Nether U.S.\$200,000,000) Euro-commercial Paper Pros

Pager referred to above. Copies of the ascended Keep Weil Agreeaters are available for stapectors by any such holders at the regastered office of I dynate Motor Friance (Netherlands) B.V. (Officia I., De Boelekton 7, 1083.) and the regasterious at the principal office of The Bank. March 1997,

## **COMMERCIAL UNION PRIVILEGE**

PORTFOLIO SICAV Registered office: 41, avenue de la Gare Centre Mercure, 8th ficor L-1611 Lexembourg R.C. Luxembourg B32640

NOTICE TO THE BEARER SHAREHOLDERS

The directors of CUPP have decided to make the following changes to the investment objectives of the following funds:

Far Eastern Growth Fund: From 25th June 1993 the fund will no longer be eligible to invest in Japan. The revised investment Objectives will become: This fund seeks to exploit the growth potential of the Pacific region, excluding Japan, by investing in elected equities and equity related securities

European Growth Fund: From 25th June 1993 the investment objectives will be widened to include investment in the UK. The revised investment objectives will become: "This funds invests in the equity markets of Europe with the objective of achieving capital

if as a result of these changes you wish to adjust your investment between the sub-funds, we would remind you that switches can be made without charge. Shareholders requiring further information on theses changes should contact the dealing dask at the registered address Tel: 402820-2401.



#### INTERNATIONAL COMPANIES AND FINANCE

## Daiei to absorb three affiliates as demand slides

By Emiko Terazono in Tokyo

DAIEI, Japan's largest supermarket chain which is known for its aggressive expansion, has announced it will absorb three retail affiliates in next March, pushing annual sales up to Y2,590bn (\$24bn) and widening its lead over Ito-Yokado, the country's second largest retailer.

The decision comes as Japan's retailers are being hit by a plunge in consumer demand and increased competition from discount chains and convenience stores.

PROBLE

The move is expected to accelerate the pace of rationalisation within the country's complex retail and distribution sector, lowering prices of consumer goods, including imports. Mr Yuji Tanahashi, vice-minister of the Ministry of International Trade and Industry, yesterday welcomed the move, adding that the retail sector would no longer be able to enjoy growth as strong as in

Daiei will absorb Chujitsuya, Uneed Daiei and Daihana, three smaller regional supermarket chains. Daiei will issue a total of 167.951,000 new shares for the merger, alloting 12 Daiei shares for 10 Chuiltsuya shares, and nine Daiei shares for 10 Uneed shares. Daihana, a wholly owned subsidiary, will transfer its assets to Daiei.

The company will be the first retailer to have a national net-work from Hokkaldo, the island in the north, to Okinawa m the south.

Mr Isao Nakauchi, president of Daiei, said the merger will lead to a more efficient operation, through integration of merchandise purchasing, dis-tribution networks and person nel. He said the company will promote imports and lower

Daiei bought 41.9 per cent of Chujitsuya, which has a large network in the Tokyo area, in March last year, from Shuwa, the stock and property speculator, which was facing severe financial difficulties.

However, the rapid growth of its complex corporate structure has made the company's true financial state unclear. Among its many acquisitions, the company bought 34 per cent of Recruit, the publishing and real estate concern last year.

Meanwhile, Daiei's announcement prompted the Tokyo Stock Exchange to halt trading in Daiei and Chujitsuya shares, whils trading in Uneed, listed on the second section of the Osaka Securities Exchange, was also suspended. Ichiken, a construction com-pany in the Daiei group, how-ever, surged Y110 to Y1,110.

## Rotorex plans \$40m venture in Shezhen

By Anthony Walker in Beijing

ROTOREX, the higgest US compressor manufacturer, plans to huild a \$40m joint venture plant in Shenzhen, southern China's Special Economic Zone.. The company expects to sign a formal agreement next month with a Shen-

zhen air-conditioning factory.
"We're completing feasibility studies," said Mr Stewart Pei, vice-president of Rotorex, "but we're certainly turning our attention from the US, our old market that is saturated, to China, a new market with a buge potential."

Rotorex's Sbenzhen plant try.

sell 200,000 compressors, worth \$20m. to China this year. "We've licenced three air-

conditioner manufacturers in China," said Mr Pei, "but we want to do more." The three plants with Rotorex technology are in Nanjing, Guangzhou and Zhuhai, in China's booming southern coastal region.

As living standards have improved in recent years, sales of air-conditioners have grown steadily. China has now 177 home air-conditioner plants producing, in 1992, 1.52m sets, 155 per cent more than the previous year. More such plants are emerging across the coun-

sors a year. The Maryland- sors a year, mostly from Japan

#### Coles Myer sells stake in NZ supermarket group

COLES MYER, the Australian retailer, has sold for NZ\$128.2m (US\$69.6m) its remaining 38.1 per cent stake in Progressive Enterprises, the New Zealand supermarket operator it bought in 1988 then floated in March last year.

10000

7.396

OF

10000

Mr Peter Bartels, chief executive, said the buyer was Food-land Associates, the Western Australian supermarket group. at NZ\$2.00 a share.

Mr Bartels said funds raised from the sale would be used to expand Coles Myer's remaining interests in New Zealand which included the Kmart and Katies chains and retail property investments.

"Maintaining a minority interest in Progressive Enter-prises does not sit well with our future strategy in New Zealand where we are committed to expanding strongly in the non-food retail sector," he

said Mr Bartels said Foodland was already a significant participant in New Zealand supermarkets, owning the Rattray

and Countdown chains. He said two of Coles Myer's four directors on the Progressive board would step down immediately and the other two would step down on completion of the sale which required approval from New Zealand regulatory authorities.

#### **COMPANY NOTICES**

#### THE VENEZUELA HIGH INCOME FUND N.V.

#### **DIVIDEND NOTICE**

Consistent with the anthorization granted by the Board of Supervisory Directors on May 13, 1993, notice is hereby given that the Fund will pay a distribution of U.S. \$0.25 per share on July 15, 1993 to common shareholders of record at the close of business on June 30, 1993, in the case of shares held in registered form, or upon presentation of coupon number 8 attached to the common share certificate to the Fund's Paying Agent (on or after July 15, 1993), in the case of common shares held in bearer form.

By order of the Managing Director

Managing Director and Location of Principal Office

Curacao Corporation Company N.V. De Ruyterkade 62, P.O. Box 812 Willemstad, Cruacao Netherlands, Antilles

Administrator, Registrar, Transfer and Paying Agent Cititrust (Bahamas) Limited

Thompson Boulevard P.O. Box N1576 Oakes Field Nassau, Bahamas

Investment Manager Scudder, Stevens & Clark, Inc.

## S&P downgrades Sony debt | Kyotaru shake-up chief quits

By Michiyo Nakamoto in Tokyo

STANDARD AND POOR'S has downgraded the credit rating of Sony, the Japanese consumer electronics company, from single-A plus to single-A due to the company's sluggish business outlook both on the domestic market and

The international credit rating agency cited as reasons for the downgrading the weakening of Sony's earnings in the past two years, the gloomy ontlook for its business in the face of continued weak demand in Japan and Europe, the strong yen and the lack of

highly successful.

In the year in March, Sony reported a 57 per cent decline in pre-tax profits to Y92.6bn (\$869m) on sales of Y3,993bn,

The company is forecasting a 2 per cent decline in sales and a 6 per cent drop in pretax profits for the current year dne in part to higher interest Sony is the latest of a num-ber of Japanese electronics

their credit ratings downgraded in recent months. The continning slnmp in consumer spending in Japan

companies which have bad

products that are likely to be has been compounded by the adverse effect of the yen on the profitability of many electronics companies which depend on exports for a high proportion of their reve-

> S&P said that although Sony's capital structure did not deteriorate in the fiscal year that ended on March 31, debt leverage has been relatively high since the acquisition of Columbia Pictures (now Sony Pictures Entertainment) in

Sony Pictures Entertainment's subordinated rating has also been downgraded to

By Robert Thomson in Tokyo

AN EXECUTIVE who transferred from Fuji Bank, the Japanese commercial hank, to oversee the restructuring of Kyotaru, a leading restaurant operator, has resigned after an apparent policy disagreement.

The dispute is one of an increasing number between Japanese banks and clients over the adoption of tough measures to reduce debt and streamline operations in line with bank recommendations. Kyotaru said Mr Takeru

Yamazaki, who transferred from Fuji Bank to become vice-president of the company, had resigned for "health reasons". However, the bank says be resigned hecause Kyotaru insisted on a "self-restructuring", giving him little room to

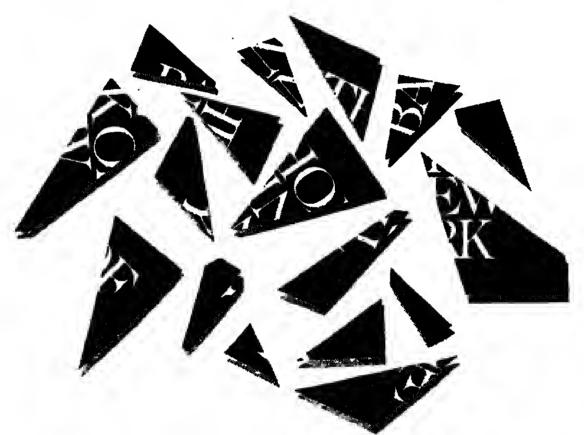
exercise influence.
The restaurant operator had agreed with its banks to reduce outstanding dehts from Y62bn to Y40bn (\$375m) through the disposal of property assets, the sale of three US subsidiaries, and the closure of 30 family restaurants in Japan.

Kyotaru was forced to cover its losses following its guarantee of Y15bn in loans for an affiliate, Edo Fudosan, which invested unsuccessfully in stocks and property. In the year ended in December, Kyotaru reported a net loss of

Fuji Bank, which holds a 4.8 per cent stake in the company, had taken a step typical in Jap anese restructurings by send-ing Mr Yamazaki, a former director at the bank, to Kyo-

taru three months ago. The disagreement between Kyotaru and Fuji Bank follows the dismissal of bank advisers by Azabu Building, a developer with Y700bn in outstanding dehts, after they urged the sale of assets including a Hawaiian hotel particularly cherished by Azabu's former

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## Paris rate cut brings futures market to life | French yields gain pace

Patrick Harverson in New York

A CUT in French short-term interest rates enlivened the European government bond markets yesterday, raising hopes that other countries would follow suit shortly.

The Bank of France cut Its intervention rate by 25 basis points to 7.25 per cent and reduced its repo rate. However, the move had little effect on short-dated French government bonds which had discounted the move.

The longer end was relatively stable with the yield on the 10-year OATs maturing in

#### GOVERNMENT BONDS

2003 falling 6 basis points to 6.94 per cent. Most of the activity took

place in the futures market as the 10-year June futures controct on the Matif broke through a resistance level and rose 36 basis points to hit a new high at 118.66.

The futures contract continued higher in after hours trad-

THE FRENCH move refocused attention on the narrow ing spread between long-dated French and German yields. German bonds performed well as many investors considered that the spread with France and other countries was too

	F	FIX	D INT	EDES	T IMP	ICES		
			June 10	Jame 0	Juine 8	Year Year	High *	Loa *
Govt Sect (DK) Flood Interest	95.57 111.87	95.37 111.85	95.36 111.81	95.32 110.99	95.02 110.94	88.70 104.42	98.04	93.28 108.67
Basis 100: Gove • for 1993. Gov Fixed Interest N	emmert Sc	curities No	sh stace co	moletions	127.40 (9/	1/35), low 4	9.18 (2/T/	79
		GIL	EDG	ED A	CTIVIT	Y		
indices"		Jone 11	June	10	Aure 9	June	8	June 7
gift Edged Berg	peks:	79.7	84.0	1	94.2	61.3		77.1

tight. Optimism that the Bundesbank will find it easier to cut its Lombard and discount rates currently at 8.5 per cent and 7.25 per cent respectively - at the next council meeting on Thursday, provided an added

Some economists are factoring in a quarter percentage point cut on Thursday preceded hy a slight reduction in the repo rate - currently at 7.60 per cent - on Wednesday. The market was further buoyed by international buying and Saptember hund futures rose 0.16 points to

UK government bonds took heart from the French rate cut and received an extra lift from encouraging economic data and the successful take-up of a Bank of England gilt tranche. The positive yield curve flattened slightly and the September gilt futures rose 1/4 to

104.27. The announcement of a 4 per cent rise in producer prices was in line with expectations

and soothed some nerves over inflationary trends In addition, the Bank of England's offer of a £700m

tranche of stock at 8% per cent, maturing in 2017, was sold out. Ultimately, however, the market was walting for the outcome of the new UK chancellnr's Mansion House speech on the economy last

■ HIGH yielding bond markets were still attracting interest with Italian government bonds very firm following Friday's interest rate cut.

The Italian bond futures contract for September rose nearly 0.40 to 10.19, partly as a result of the half-point cut in the discount rate but also as a result of the general appetite for high vielding currencies. Spanish bond futures rose

bonds closed higher on the The latter were set to continue their rise after the central bank cut its intervention

rates by 0.75 point and the

0.86 to 96.45 and Portuguese

		Сопроп	Reci	Price	Change	Yield	Aleek	Monti
AUSTRAL		9.500	C8/03	112.7948	-0.007	7.66	7,74	7.5
BBLGIUM		9.000	03/03	112.0400	+0.240	7,24	7.37	7.4
CANADA .		7.250	06/03	98,5000		7.A7	7.60	7.73
DENMARK		4.000	05/03	106.0500	+0.850	7.13	7.47	7.51
FRANCE	BTAN	8.000 8.500	05/98	103,4544 110,6100	+0.245	6.41 6.94	8.60 7.17	6.6- 7.12
GETMANY	,	6.75	04/03	96,9750	+0.290	8.75	6.90	6.71
ITALY		11.500	03/03	99,3700	+1.020	11.941	12.28	12.4
JAPAN	No 110 No 145	4.800 5.500	06/99	102.3174	+0.170	4.32 4.42	A.42 4.58	4.43
NETHERL	NADS.	7.000	02/03	102,8900	+0.300	6.58	6.75	6.6
SPAIN		10.300	06/02	97.7591	+0.305	10.70	10.96	11.13
LIK GILTS		7.250 8.000 9.000	03/98 96/03 10/08	100-26 100-20 105-31	+1/32 +7/32 +11/32	7.04 7.91 8.30	7.08 8.02 8.40	7.13 6.13 6.51
US TREAS	URY .	8 250 7.125	02/03	102-06	+12/32	5.95 8.80	8.09 8.25	6.02
ECU (Fren	ch Govt	8.000	04/03	104,7000	+0.350	7.31	7.52	7.47

monthly inflation figure was unchanged at 0.5 per cent. January 1993 five-year 12.5 per cent bonds closed Es25 higher at Es10,255 and April 1993 seven-year 11.875 per cent bonds closed up 31 at 10,116 escudos.

IN Sweden, another highyielding market, government bonds closed relatively unchanged as investors took profits following an auction of two-year and six-year boods. Ten year yields ended flat at 8.58 per cent while at the shorter end, two-year yields were unchanged ot 7.54 per

■ US Treasury prices rose slightly in subdued trading

		Секроп	Reci	Price	Change	Yield	#Pook	Monti
AUSTRALI		9.500	C8/03	112,7948	-0.007	7.66	7,74	7.5
BELGIUM		9.000	03/03	112,0400	+0.240	7,24	7.37	7.4
CANADA '		7.250	06/03	98.5000	-	7.A7	7.60	7.7
DENMARK		8.00G	05/03	106.0500	+0.850	7.13	7.47	7.51
FRANCE	BTAN	8.000 8.500	05/98	103,4544	+0.245	6,41 6.94	8.60 7.17	6.64 7.12
GERMANY	,	6.75	04/03	95,9750	+0.290	8.75	6.90	6.78
TALY		11.500	03/03	99,3700	+1.020	11.941	12.28	12.4
JAPAN	No 110 No 145	4.800 5.500	06/99	102.3174	+0.170	4.32 4.42	A.42 4.58	4.43
NETHERL/	WDS	7.000	02/03	102,8900	+0.300	6.58	6.75	6.62
SPAIN		10.300	06/02	97.7591	+0.305	10.70	10.96	11.13
IK GILTS		7.250 8.000 9.000	08/98 96/03 10/08	100-26 100-20 105-31	+1/32 +7/32 +11/32	7.94 7.91 8.30	7.08 8.02 8.40	7.13 6.11 8.51
S TREASURY		8 250 7.125	02/03 02/23	102-06	+12/32	5.95 6.80	6.09 8.25	6.02 6.94
CU (French Govt)		8.000	04/03	104,7000	+0.350	7.31	7.52	7.47
onden cia	eing, "deno	tes New York	rk mornin	194,7000 g session tax at 12.5 c	+0.350	felds: Loca	d resident	stark 3.)

yesterday morning as investors and dealers looked forward to today's consumer prices data By midday, the benchmark 30-year government bond was up k ot 104k, yielding 6.799 per At the short end of the mar-

ket, the two-year note was slightly firmer, up 1 at 10012. to yield 4.091 per cent. Last week's news that the May producer prices index was unchanged helped calm the market's fears that resurgent inflation would force the Federal Reserve to raise short-term interest rates, and it was follow-through haying

from Friday that provided prices with their early lift yesterday.

The international financial

prices rose sharply.

# on German counterparts

By Peter John

THE latest cut in French short-term interest rates has generated fresh interest in the possibility that long-term rates will finally fall below their

German equivalent.

If that happens, the effect on European monetary stability could be profound.

The possibility of a shift is not new. Waiting for French and German long-term bond yields to cross has been like watching sailing ships on the horizon. The two countries' yields have been creeping towards each other since German unification in late 1989 and economists waiting with their telescopes on the shore line are still divided over whether they will collide, pass each other or drift apart.

However, the story has gathered pace and credence in the past few months. It built up ot the beginning of last week when Mr Hans Tietmeyer, the vice-president of the Bundesbank, said that French interest rates could comfortably drop

It gained a wider audience via Mr George Soros who has acquired the mythic status of a guru having already sent the pound plunging, gold soaring and property shares up.

speculator popularised what might have seemed a dryly academic argument when he pointed out, in an open letter to The Times, that because the French have lower inflation than Germany and a large savings surplus they are bound to end up with substantially lower long-term interest rates. Afterwards, French bond

Yesterday, the French cen-

Bond yields 10-year benchmark (%)

92

1989 90 91

tral bank cut its short-term intervention rate by 25 basis points to 7.25 per cent, prompting a shorp rise in 10-year French bond futures on the

Now, some economists say it could be o matter of months rather than years before the two countries' long-term yields cross over. The yield spread between France and Germany has halved over the past months to around 20 basis points. Ms Phyllis Reed, economist with BZW, believes that 10-year OAT yields will fall below bund yields within the next six months.

Already, French short-dated yields are comfortably below their German equivalents three-month money is at 7.25 per cent while Germany's is of 7.47 per cent - but the position is reversed at the two-year maturity level.

Economists are debating two questions: will o crossover at the long end be sustainable and does it mean the Franc becomes top currency, at least in Europe, replacing the D-mark as the anchor in the

about the change, is cautious about the impact. She sees it principally as a signal that other European economies will be able to ease rates independently of Germany rather than following its lead. She feels that although the D-Mark will become a weak currency it will remain as Europe's economic

anchor. Others argue that France is in a different position from Holland which has a 10-year bond yield some 60 basis points below the equivalent German rate. There, the guilder is seen as a surrogate bund without the downside of unification costs. Also, the country's lower inflation figure of 23 per cent against Germany's 4.2 per cent makes Dutch bonds more attractive.

At S.G. Warburg, economist Mr George Magnus believes that the yield spread will tighten but cannot come round to the idea of lasting crossover. The narrowing of the spread has, after all, been beloed by the post-election honeymoon and Mr Soros. The French economy is far from perfect with unemployment threaten ing to hit 12 per cent. ..

He argues that a significant change in French-German official interest rates and bond yields; could have fundamental implications in Europe if it became established.

"If the Germans lose their role of anchor currency in Europe it would cause serious turbulence," he says. "It would be symptomatic of something going seriously wrong in Ger many and if that happens the European Monetary System breaks up. If the EMS breaks, the single market goes and if that goes, all hell breaks out."

## **GMAC's issue price** seen as aggressive

By Sara Webb

ATTENTION in the Eurobond market focused on an aggressively-priced deal for General Motors Acceptance Corporation yesterday. GMAC, which is Generol

INTERNATIONAL BONDS

Motors' financial services subsidiary, launched a \$300m, fiveyear bond deal with a coupon of 6.25 per cent and priced to yield 105 basis points over the US Treasury bond.

Several bouses claimed that lead manager Morgan Stanley

had priced the deal very aggressively and in the course of the afternoon, the deal traded outside fees at 99.10 and the yield spread was quoted at 117 hasis points over Treasuries by a couple of traders.

Some co-managers were seen dumping the bonds, and Morgan Stanley was forced to buy the bonds back to support the deal. However, by late afternoon the price recovered somewhat and Morgan Stanley cited a yield spread of 108-109 basis points.

The only other substantial deal, in an otherwise uneventful day, was o \$1.50m collared floating rate note for Citicorp. The 12-year deal has a coupon

## **NEW INTERNATIONAL BOND ISSUES**

General Motors Acceptance Crp. Citicorp‡	300 150	6.25	99.512R 100R	Jul. 1998 Jun. 2005	0.375R 0.825R	+105(5%%	98) Morgan Stanley Intl. Kidder Peabody Intl.	
O-MARKS Council of Europe	250	6.25	101.5	Jan.1996			SHF Bank	
GUILDERS Royal Palchoed	150	7.125	99.75R	Jul.2003	0.35R	+S7 #51/2%	03) ABN Amro Bank	

inal terms and non-callable naneger, \$Floating rate note.

of six-month Libor minus 0.125 per cent (six-month Libor is currently 3.5 per cent), and there is a floor of 6 per cent and a cap of 10 per cent. Citicorp, rated BAA3/BBB+

on its subordinated debt, last launched a collared FRN in April this year and joins o steady stream of bank names in this particular sector of the market including BankAmerica, Goldman Sachs, Merrill

Lynch, and Bankers Trust. Kidder Peabody, lead manager, sald demand was for higher floors. The bonds will be swapped into plain FRNs as

the collar portion is detached. With so little octivity in the market, there was some speculation obout imminent deals. Osaka Gas is rumoured to be looking at the dollar and sterling sectors, while the European Investment Bank was

reported to be looking at the ven bond market The International Swop

Dealers Association said yesterday that it plans to change its name to the International Swaps and Derivatives Association, subject to approval from members. The trade association repre-

sents participants in the \$1,000hn over-the-counter market in swaps and options.

#### Banks lend £80m to property group investment on this scale has

the main source of funding,

through a series of rights

issues for companies either

strengthening weakened bal-

ance sheets or seeking funds

for expansion.

By Paul Cheeseright, Midlands Correspondent

LONDON & Cambridge Proper tles, the privately-owned investment property group based in Dudley, West Midlands, has arranged an £80m loan from a syndicate of eight banks led by Svenska Handelsbanken of Sweden

Bank financing of property

been rare since the UK market lend to property companies. compared with 150 during the turned down after the increase in values during the 1980s. The equity market has tended to be Mr John Davis, managing

director of LCP, suggested that while banks were wary of property development, some were willing to lend on well-let investment properties.

The LCP loan is for five It is estimated that there are

#### MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE	RISES AND FALLS YESTERDAY	LIFFE EQUITY OPTIONS				
Lefted are two latest informational boards for which there is an adequate sectoristic market.  Latest prices at 7.05 pm on June 14  ULS OCILIAR STRANDATS    Section   10	British Funds.	CAULS   PUTS   Diption   Led   Dect Jam   Jul   Get Jam   Sep Bec Jam   Sep Jam				
Second   S	100   F.P.   - 104   105   Arag. Constituent C   1704   170   17	Courtesteds 500 472 67 689 5 12 18   F & 0   500 54 98 75½ 11½ 28½ 25   550 18 32 44½ 24½ 34½ 22½ 22   7386 1   500 34 38 58 33 54½ 61   7185 1   200 1½ 9 18½ 6½ (6.24 24 24 24 24 24 24 24 24 24 24 24 24 2				
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Hymridial Motor Fin 812 97	Last Dealings Jun. 25 J. Foster, Geest, NTM, Militwall,     Last Declarations Sep. 18 Ratners, Regaltan Props., Serif and     For settlement Sep. 27 Southern Pacific. Puts in Natifiest.	FT-ACTUARIES FIXED INTEREST INDICES				
Company   Comp	September Sep. 27 Southern Pacific. Puts in NatWest. Samonth call rate indications are shown in Saturday editions. Bank and Simon Eng. Doubles in Fernanti and United Energy.	PRINCE PRODUCES AVERAGE GROSS Minn Fri Year ago 14 11 (approx.)				
TEX STRUMBITS    Total Content   Total Content	FT-SE ACTUARIES INDICES  The PT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Easkets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited. O The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1933. All rights reserved.  The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries. C The Financial Times Limited 1933. All rights reserved.	Mon Jun   Jun   Link   Jun				
STRAIGHT BORDS: The yield is the yield to redemption of the bid-prior; the amount issued is in millions of currency units. Cit., dety-change on day.  FLOATING RATE NOTES Demonstrated in dollars unless otherwise indicated. Coupon shown is retaintum. Spraed-likergin above ele-monit offered rate (they-month Sabove makin rate) for US dollars. Coppon-the current outpon.  CONNETTERS E BORDS: Descriptional in dollars unless otherwise indicated. City. price-Nominal amount of bond per share expressed in currency of share at convertible. Bondon rate fixed at lesse. Prame-Parcentage premium of the current affective price of acquiring shares via the bond over the most recent price of the	The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries industry Baskets and the FT-Actuaries All-Share index are members of the FT-SE Actuaries Share indices series which are culculated in accordance with a standard set of ground rules certainties.	8 Up to 5 years (2) 184.87 +0.03 184.81 0.97 1.92 11 inflation rate 5% Up to 5yrs. 2.97 2.97 3.88 7 0ver 5 years (11) 174.06 +0.09 174.12 0.97 2.14 13 inflation rate 10% Up to 5yrs. 2.97 3.88 3.56 3.57 4.32 1.00 174.12 0.97 2.14 13 inflation rate 10% Up to 5 yrs. 2.27 2.27 3.10 3.40 4.13				
The Financial Times Ltd., 1943. Reproduction in value or in part in any form not permitted without writing consent.  Data supplied by international Securities Market Association.	and London Stock Embange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.  "FT-SE" and "Footsie" are joint trade marks and service marks of the London	9 Debt & Loans (64) 129.22 +0.25 128.90 2.43 4.93 16 Loans 15 years 9.31 9.36 10.97 17 25 years 9.47 9.40 10.98				

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olivetti

on BT

sell-off

By Roland Rudd

stake in BT.

cut back

payments in the last govern-

were set at 120p and 105p.

interest rates since 1991.

Mr Stephen Dorrell, financial secretary to the Treasury, said one of the aims of the

offer was to "demystify share

dealing" through the use of

More than 1.8m people have registered for the sale, taking the total, including BT employees and existing share-

holders, to more than 4m.

However, a number of the 150

share shops have expressed

concern that the government is promoting its own share information office at the

Mr Dorrell said: "Everyone

tends to want to see things better than they are . . . but the share shops have under-

stated the scale of their own

The Treasury has underlined

its commitment to competition

within the institutional offer

in a letter to the the top 500

institutions around the world.

They bave been told that the

allocation of new BT shares

will not be affected by which

global manager, including

Warburg, through which they

choose to deal. The same rule

applies to regional managers

dealing with all other institu-

tions not on the top 500 list.

In previous privatisations

institutions have suffered in

allocations if they did not deal

The first instalment in the

international offer, which will

be more than the 150p sought from retail investors, will be announced on June 29. The

second and third instalments

will be the same for all inves-

tors, with the last being deter-

mined by the price hig inves-

tors tender in the

The minimum application

for retail investors will be 120

shares. The incentives are on

allocations of np to 1,000

shares or 1,500 if investors opt

for the 1-for-15 share bonus

(£3.5m). FKI has also agreed to

purchase further inventories

over the period np to May 1994

international offer.

after three years.

FKI acquisition

through the bookmaker.

expense of share shops.

## **SEC** lifts restrictions on Zeneca share deals

By Paul Abrahams and Maggie Urry

UNDERWRITERS of Zeneca's £1.3bn rights issue will be able to trade normally in the shares over the next few days after the US Securities and Exchange Commission changed its decision on restric-

The SEC had previously said that underwriters would only be able to trade "passively" in the last five days before the June 21 close, starting today. But this limitation, which had raised fears that the underwriters would not be able to support the share price, has been

However, the SEC has said

that the US marketing syndicate, which was seeking buyers the US Food and Drug Admin istration had approved Zestri the new shares in Zeneca, the bioscience group demerged from Imperial Chemical Industries this month, had to stop

operations as of last night. The syndicate was satisfying demand for shares by buying nil-paid Zeneca shares in the UK market. The syndicate can atill operate outside the US. Zeneca's brokers declined to comment on how successful

the US syndicate had been. News of the SEC's change of heart came after the market closed with Zeneca's shares up 1p to 617p, and the nil-paid down 1p at 17p. The rights issue is priced at 600p.

istration had approved Zestrill for the treatment of congestive heart failure.

The licence is for those patients not responding adequetely to diuretics or digoxin. a medicine extracted from foxgloves.

There are between 23m and 3m sufferers from the disease in the US, according to the American Heart Association. Both Merck's Vasotec and Bristol-Myers Squihh's Capoten have already received licences for this indication.

Sales of products based on Zestril were up 31 per cent to £294m last year. The company said growth continued in the

## **BET** pins hopes on final phase of three-year turnround plan

"TURNING husiness service companies around is like pushing peas up blll with your said one analyst yesterday after BET reported further provisions, a reduced final dividend and more pre-tax losses for the year to end-March. "It is going to be slow."

Mr John Clark, chief executive, appears to agree. He is banking on the third year of his three-year turnround programme to generate greater profitability from a business that he says will shrink further to about £1.5bn of sales.

According to Mr Clark there is nothing wrong with the markets. The UK business services market is currently worth £40bn and will grow to £80bn by the end of the century. Comparable figures for the US are \$800bn and \$1,200bn.

The problem is that BET is getting no help from the UK economy, which if no longer deteriorating is not improving at any great rate. "We are seeing much higher utilisation

The following commentes have collibled dates of board meetings at the Stock Enchange. Such meetings are usually held for the purpose of considering dividents. Official indications are not evaluable as to whether the dividence are transient or finals and the sub-finalises shown below are based mainly on lost year's timeticles.

Interime- Clyde Blowers, David Lidyd Leisure, London & Clydeside,

E Midlands Elec .

High Gosforth Pk.

vestment Co

Kenwood Apps

Ramco OF 5

**BOARD MEETINGS** 

**DIVIDENDS ANNOUNCED** 

Dividends shown pence per share net except where otherwise stated. §USM

payment

Aug 26

Current

13.78

lutory ood Brever

Creighton's Naturally
Completion's Naturally
Common two Yout
Junys Hotel
Kembrery
Learnacht & Burchett
Scrifey Leisure
Whitecoth

ponding

2.25

and higher rates [in plant sure, retail, hotel and hesvy hire], says Mr Clark. That is industrial sectors". the most optimistic he can be ahout any of his husiness

The question Mr Clark will have to answer for the markets over the next year is whether there are enough businesses left to allow BET to resume growth.

Last year's divisional figures make sober reading. The textiles division contributed 24 per cent of trading profits from continuing operations. But sales fell 25 per cent, partly because of deconsolidation of the French busi-

ness, but also because of lower margins in the UK. There was also 8 £15m restructuring cost. As a result textiles - which employs 55,000 of tha 100,000 people in the group -accounted for £25m, or 47 per cent of the reduction in trading

The UK accounted for nearly two thirds of textile services. BET described this market as facing "particularly challeng-ing conditions...in the lei-

Total last year

6.5

0.625 0.5 17.1 15

1.375

2.5

for

3.25

## Zeneca yesterday announced first quarter of this year.

industrial sectors". Cleaning services produced 15 per cent of profits from continuing operations, but this

particularly in new business. Security services made almost unchanged trading profits - about 14 per cent of group profits - but the division suffered from a decline in military spending. in the UK, where three quarters of the division's sales were generated, the electronic security businesses continued to make good progress,

was sherply lower after

"severe pressure" on margins,

Plant services saw sales fall slightly, but pressure on mar-gins again hit trading profits, which fell 18 per cent and were responsible for 11 per cent of the total decrease in group trading profit. Distribution and

BET said.

plant services were also down. Catering and facilities management, hoth start-up businesses, showed rapid growth in sales and profits and may hold one of the keys to future growth, according to analysts.

#### Chillington improves to £955,000

Reduced losses manufacturing and increased profits in tools and trading enabled Chillington Corporation to report pre-tax profits of £955,000 for 1992, against

to the dividend list with a proposed final of 0.25p. Last year only the interim of 0.5p was

However a provision of £1.27m against possible losses from the closure of the property and investment division left retained losses of £1.28m (£777,000).

Turnover for the company, which also has interests in plantations, was £44.4m (£48.6m). Losses per share came out at 0.2p, compared

## Discounts | Close call as discontent grows

#### Maggie Urry reports as voting time nears on Heron's debt plan bond dealer who claims to

Mr Gerald Ronson's property group, have little time left to consider the proposals for restructuring its £1.4bn of debt.

On the face of it, they have a simple choice. Vote in favour THE GOVERNMENT bss of a plan to repay creditors out scaled back incentives for of asset disposals over several years or see the company go into liquidation. The latter retail investors in the sale of its remaining 21.9 per cent alternative, the 220-page docu-The public is being offered ment from the company says, 10p off the first and second instalments set at 150p and would give creditors significantly less and at a later date. 140p respectively. This compares with 15p off the first two

Yet as the deadline approaches - meetings start in London on June 28 but some proxies and claims had to be in ment sale of BT shares which by yesterday - there seems to be a rising tide of discontent SG Warhurg, the governamong some creditors. Yesterday First Eastern ment's global co-ordinator, said the incentives were less generous to reflect the fall in

Developments, a Bermudan based property consulting company, gave details of its concerns, first revealed in an advertisement in the Financial Times last Friday which called on creditors to join together to consider opposing the scheme. FED is a private group headed by Mr Simon Shane. He ran a UK property group called Assets Corporation, which was

sold to British Land in 1985 for £20m. FED claims to be owed \$1.7m by Heron, and is an affiliate of Stratagem Development Corporation which is suing Heron in New York.

Mr Shane asserts that creditors do not have enough infor-mation to make an informed decision and snggests more information would be fortbcoming if the schemes were rejected. He would like to see an up-to-date property valuation, trading results for the year to March 1993, and detailed cashflow projections.

He suspects that there have been intra-group transactions since the last published accounts, for the year to end March 1992, which might have given banks an edge over other

ven creditors intending to vote in favour of the proposals complain of a lack of information, such as trading results and property valuations, but as one put it, "to some extent you have to helieve what Heron and its advisers tell you because it is

Mr Shane's criticisms follow those of Mr Gary Klesch, a

speak for 10 per cent of the bondholders and has also called for rejection of the pro-

Much has also been made of letters written in mid-May to bondholders by the lead man-agers to the Swiss franc bond issues. They sent bondholders the Heron document with a covering letter in mid-May. The letter - which put forward the main pros and cons of the deal - drew letters from Mr Ronson to the chairmen of the banks who felt that the banks had been less than fair.

SG Warburg Securities, one of the lead managers, said yesterday that the letters were neutral. "We are in a situation where we should not give advice, submitting an offer on hehalf of Heron. It always remains to the investor to make the decision." However, others note that a

letter from Deutsche Bank, which lead a D-Mark hond issue, to its bondholders was "more neutral". Heron's advisers say that

rejection of the schemes would almost inevitably lead swiftly to bankrimtey proceedings. Mr

this could be as good, or even better, for creditors. Mr Shane says "insolvency proceedings would ensure administration directed at maximising value for all creditors with freedom

from conflicts of interest". But Heron's advisers say that liquidation would be an extremely complex affair. likely to ignite a volcano of litigation as different classes of creditors fight for their rights.

he problem lies in Heron's complex structure. While the head office division has debt, including all the bonds, of £524m it has assets of only £8m. The HK property division, by contrast, has assets of £465m and debts of £298m. The Spanish part has debt of £90m and assets of

Liquidation, judging by other recent large cases such as BCCI, could also be a costly process, on top of the £50m Heron has already sunk in restructuring fees.

The schemes need to be approved by 75 per cent of votes cast by value, and by 50 per cent hy number of voters. It is looking a closer call fian Shape and Mr Klesch think can be comfortable for Haron.

Front

returi

...

HERC

## Alpine directors seek to allay pension fears

By Peggy Hollinger and Catherine Milton

DIRECTORS OF Alpine (Double Glazing). the window company which ceased trading at the end of May, are seeking to allay fears over pension contributions by inviting employees to discuss individual options with a representative of Allied

Dumbar, the assurance group.

In a letter received by pension contributors this weekend but dated June 9, Mr Robert Pollock and Mr Robin Speirs, chairman and chief executive of Alpina, cite a meeting to be held yesterday. However, they failed to include either the time or place for the meeting.

The letter also states that "the Allied Dunbar representative has been in discussions with members". It is understood. however, that formal talks with Allied Dumbar broke down several months ago. "The company has never implemented proposals presented by us some months ago," Alhed said.

Mr Pollock and Mr Speirs inform pen-sion contributors that following Alpine's trading difficulties, contributions had been transferred from a "separate brust bank account" to a client account at the company's solicitors, believed to be London firm, Beveridge Ross and Prevezers. The funds would be held pending a decision as to how contributors wished to proceed, the letter states. About £50,000 is in the client account, according to Mr Grant Jones.

**NEWS DIGEST** 

state in their capacity as trustees, pending resolution of a dispute with ADT Trustees of the pension fund at ADT, the

The funds had initially been held in a

trust account, Mr Pollock and Mr Speirs

security and car auctions company which previously owned Alpine, had refused to transfer funds in 1992 following Alpine's purchase out of administration with the backing of Mr Clive Smith, the Midlands entrepreneur. ADT trustees said Alpine had never

presented an approved pension plan to which funds could be transferred. Deferred pensions or individual trans-

fers have since been arranged for eligible Alpine employees.

## Ladbroke

#### interest bill rising

INTEREST COSTS at Ladhroke are continuing to rise, according to Mr Cyril Stein, chairman of the hotels, racing and property group.
Addressing shareholders at

yesterday's annual meeting, Mr Stein hlamed the rise on high interest rates in Europe, a reduction in interest receivable and the devaluation of sterling. The group received elections for its enhanced scrip alternative in respect of just over 1bn shares, representing 92 per cent of the equity.

#### M&W

PKI is bnying the Forge France Group of companies, a French lifting components M&W, the food retailer and company, for FFr29m cash wholesaler, reported pre-tax profits of £927,000 for the six months to March 28 - a rise of some 40 per cent on the correat valuation following a stock sponding £664,000.

Turnover improved to £37.3m

(£33.4m). An interim dividend of 1.1p (1p) is payable from earnings of 3.8p (2.8p).

#### Treatt

Improved gross margins at the main operating subsidiary helped Treatt, the USM-traded essential oil and aromatic chemical group, produce a 13 per cent improvement in interim profits.

Although group turnover dipped to £7.15m (£7.41m) pretax profits for the six months to March 31 advanced from £571,000 to £644,000.

Earnings per share emerged at 4.45p (3.94p); the interim dividend goes up from lp to Llp.

#### Wintrust

Pre-tax profits at Wintrust, the merchant banking group, fell from £3.02m to £2.02m in the year to end March

The ratio of ioans and advances to capital improved from 1.7:1 to less than 1.4:1 and the capital assets ratio moved from 36 per cent to 42 per cent. Earnings per share were unchanged total of 9.3p.

11.19p (19.54p) hasic and 12.2p

(19.16p) fully diluted. The final

dividend is 6.3p for an

#### **Ticketing Group** THE Ticketing Group, which

operated as a joint venture hetween Expedier and Wemhley until January of this year. when Expedier bought out its partner's 50 per cent holding and changed its name, has announced results for Expedier's last trading year in its previous form.

Expedier had interests in furniture hire, sporting services and a ticket reservation opera-

Pre-tax losses for the year to end-December 1992 amounted to £2.15m, down from £5.37m previously. The retained loss, after extraordinary losses of £11.1m (£4.33m) totalled £13.2m (£9.65m). Loss per share came to 2.4p (11.6p).
The activities of the com-

pany are now concentrated on retail ticket sales and event management services through the First Call and Keith Prowse ticket agencies as well as Space Time Systems, the computerised box office system

#### Rentokil

Rentokil, the property and environmental services company, has extended its offer for Securiguard, the guarding and cleaning company until June

By the first closing date on Friday, Rentokil had received acceptances representing about

Mr Alan Baldwin, chairman of Securiguard, urged shareholders to continue to reject the offer, which he described as "ridiculously low".

#### **Investment Co**

Pre-tax profits at the investment Company were virtually static at £1.22m over the 12 months to March 31.

A recommended final dividend of 1p makes a total of 1.5p (1.375p), payable from earnings of 2.91p (2.75p) per share.

#### NOTICE OF REDEMPTION

#### MORTGAGE FUNDING CORPORATION NO. 1 PLC Class A-1 Mortgage Backed Floating Rate Notes Due March 2020

NOTICE IS HEREBY GIVEN to Bankers Trustee Company Limited (the "Trustee") and to the holders of the Class A-1 Mortgage Backed Floating Rate Notes Due March 2020 (the "Class A-1 Notes") of Mortgage Funding Corporation No. 1 PLC (the "Issuer") that, pursuant to the Trust Deed dated 3 lat March, 1988 (the "Trust Deed"), between the Issuer and the Trustee, and the Agency Agreement dated 31st March, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the redemption provisions set out in the Terms and Conditions of the Class A. 1 Notes, Available Capital Funds as defined in the Terms and Conditions in the amount of £3,000,000 will be utilized on 30th June. 1993 (the "Redemption Date") to redeem a like amount of Class A-1 Notes. The Class A-1 Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A-1 NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW Bearer Notes

724 921 809 1129 818 1218 860 1300 1124 1471

The Class A-1 Notes may be surrendered for redemption at the specified office of any of the Paying Agents which are as follows:

Morgan Guaranty Trust Company of New York PO Box 161, 60 Victoria Embankment London EC4Y 0JP

Union de Banques Suisses (Luxembourg) S.A.

Morgan Guaranty Trust Company of New York Avenue des Arts 35, B - 1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York 55 Exchange Place, Basement A New York, New York 10260-0023

Attn: Corporate Trust Operations

In respect of Bearer Class A-1 Notes, the Redemption Price will be paid upon presentation and surrender, on or after the recomption Date, of such Notes together with all unmatured coupons and talom appertaining thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at the specified office of any Paying Agent listed shows by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payer with, a Town Clearing branch of a bank in London. On or after the Redomption Date interest shall cease to accrue on the Class A-1 Notes which are the subject of this Notice of Redemption.

#### MORTGAGE FUNDING CORPORATION NO. 1 PLC

Byl Morgan Gnaranty Trust Company

as Principal Paying Agent Dated: 15th June, 1993

36-38 Grand-rue L-2011 Luxembourg

Withholding of 31% of gross redemption proceeds of any payment made within the United States is required by the Internal Revenue Code of 1986 and amended by the Energy Policy Act of 1992 unless the paying agency has the correct expayer identification number (social security or employer identification number) or exemption certificate of the Payes. Please furnish a property completed Form W-9 or exemption certificate or exemption certificate or the rayes. Fasses turning a property completes Form W-9 equivalent if presenting your Class A-1 Notes to the paying agency's New York Office.

#### NOTICE OF REDEMPTION

## MORTGAGE FUNDING CORPORATION NO. 3 PLC

Class C-1 Mortgage Backed Floating Rate Notes Due October 2023

NOTICE IS HEREBY CIVEN to Bankers Trustee Company Limited (the "Trustee") and to the holders of the Class C-1 Mortgage Backed Floating Rate Notes Due October 2023 (the "Class C-1 Notes") of Mortgage Funding Corporation No. 3 PLC (the "Issuer") that, pursuant to the Trust Deed dated 2 lat October, 1988 (the "Trust Deed"), between the Issuer and the Trustee, and the Agency Agreement dated 2 lat October, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Psying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class C-1 Notes, Class C-1 Notes in the amount of 25,000,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS C-1 NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Bearer Notes 451 639 759 881 1040 462 683 771 896 1059 500 707 803 504 717 834 927 575 724 592 735 506 742 698 794 694 772 898 1060

929 1130 The Class C-1 Notes may be surrendered for redemption at the specified office of any of the Paying Agents which are as follows:

Morgan Guaranty Trust Company of New York PO Box 161,60 Victoria Embankment London ECAY OJP

Morgan Cuaranty Trust Company of New York Avenue des Arts 35, B -1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York Union de Banques Stisses (Luxembourg) S.A. 55 Exchange Place, Besement A New York, New York 10260-0023 36-38 Grand-rue L-2011 Lexembourg Attn: Corporate Trust Operations

In respect of Bearer Class G-1 Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unmatured coupons and takons appertaining thereto. Such payment will be made (i) in sterling at the specified office of the Paying Agent in London or (ii) at the specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shell cease to accrue on the Class G-1 Notes which are the subject of this National Redemption.

MORTGAGE FUNDING CORPORATION NO. 3 PLC By: Morgan Guaranty Trust Company

as Principal Paying Agent Dated: 15th June, 1993

NOTICE

Withholding of 31% of gross redemption proceeds of any payment made within the United States is required by the Internal Revenue Code of 1986 and amonded by the Energy Policy Act of 1992 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payoe. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class C-1 Notes to the paying agency's New York Office.

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**FT SURVEYS** 

## , Second half recovery helps Kenwood rise 4%

By Angus Foster

KENWOOD APPLIANCES, the household appliance company, vesterday reported alightly higher than expected profits for the year to March 31, the first since the company came to the stock market last July.

Pro forma pre-tax profits. djusted for the benefits of the flotation, increased 4 per cent from £9.29m to £9.62m. Actual profits, taking into account interest costs of £1.84m, were

After a poor summer, which led to an embarrassing profit warning three months after going public, second half profits recovered strongly helped by sterling's devaluation.

Compatition

Mr Tim Parker, chief executive, said the UK economy also improved, as had Kenwood'a share of overseas markets. "I think all of that's pretty encouraging," he said.

He said sales to continental Europe, which account for about a third of the total,

despite mounting recession in Germany and France. Kenwood hoped growth would come from new products, helped by sterling's competi-

Turnover increased 10 per cent to £101.6m, lifted by UK sales of new products like kettles and hair dryers. However, another new product, a water filter, performed poorly despite heavy marketing costs.
One-off costs linked to the

flotation and the acquisition in November of Tricom, the Hong Kong-basad manufacturer. depressed operating margins slightly. Operating profits increased 7.6 per cent to £10.3m. Keuwood used the £39.5m raised by the flotation to reduce debts and the company moved to net cash of £146,000 by the year end.

Earnings were depressed by a higher tax charge and fell 6 per cent to 17.8p per share. A recommended final dividend of 4.35p makes a total of 5.85p.

The stock market's nerve was strongly tested at the time of the profits warning, but those with atrong stomachs have been rewarded and the shares closed yesterday up 10p at a record 321p. Forecast profits this year of £11m put the shares on a multiple approaching 16, already a premium to the market. Kenwood is a quality company with promising new products coming through. The Hong Kong acquisition should allow more manufacturing to be brought in bouse, thereby improving margins although plans to attack the Chinese market ahould be treated with circumspection. The currency factor should give comfort if a European price war develops later this year. Despite the attractions, Kenwood'a short exposure on the public stage suggests inves-tors may prefer to wait for a longer track record before chasing the sbares any

## **Fisons** launches asthma drug in US

FISONS, the healthcare and scientific instruments group, yesterday began marketing Tilade, an asthma treatment, in the US.

"This is Fisons' last throw of the dice to remain a viable pharmaceutical entity," said Mr Paul Woodhouse, drugs analyst at Smith New Court. "They have to make this launch work." Fisons's shares closed up 6%p at 161%p.

The company is co-promo-ting the product with Rhône-Poulenc Rorer and is marketing Tilade with a combined sales force of 800 people.

The groups aim to position the product for those with mild asthma who use a bronchodilator, such as Ventolin, more than three times a week.
Whereas brouchodilators help
improve symptoms, Tilade is
designed to treat the underlying inflammation.

Fisons Is co-promoting Azmacourt, RPR's inhaled steroid medicine, which is designed for patients using bronchodilators more than three times n day.

US doctors have been reluctant to prescribe inhaled steroids because of potential side-

"The group has a window of opportunity to establish this drug before safer second-generation inhaled steroids come on the market," says Mr Woodhouse.

Tilade was approved by the Food and Drug Administration in January, but the company waited for the results of a further clinical trial to show the medicine was more effective than Intal, its other asthma treatment. Intal's sales last year were £190m. Tilade's were £26.1m.

#### First Philippine

Net assets of First Philippine Investment Trust at May 31 were 68.41p per share. Net revenne for the six months to April 30 was £67,571 (£52,540). Earnings were 0.14p (0.11p).

## \$65m spent on building products and automotive components group Heywood Williams expands in US

HEYWOOD WILLIAMS, the building materials group which sold a large part of its UK glass business to Pilking-ton earlier this year for £95m, plans to use some of the proceeds to acquire a specialist building products group in the

The Huddersfield-based group is paying \$53.25m (£35m) in cash to acquire LaSalle, a US-based distributor of building products and furnishings to the manufactured housing and recreational vehicle mar-

Heywood will also repay up to \$11.75m of LaSalle's borrow-

Mr Ralph Hinchliffe, Heywood's chairman, said the acquisition, which is subject to sharebolders' approval at an extraordinary meeting on June 30, represents "an exciting development for the group". He added: "The company has

an impressive management m, is performing extremely well and operates in markets which should show atrong long-term growth." Last year LaSalle reported operating profits of \$6.4m, almost double the \$3.3m

recorded the previous year, on

turnover ahead to \$117.7m Three quarters of its business comes from supplying the fast-growing US market for factory-built housing.

Manufactured housing sales represented about 15 per cent of the overall US housing market last year when 210,000 units worth \$5.7bn were sold, a 20 per cent increase over the

previous year. The US recreational vehicle industry also grew by more than 20 per cent in volume terms and was worth an estimated \$4.4bn last year.

The planned acquisition will substantially strengthen Heywood's presence in the US pro-viding its existing Creation Windows aubsidiary with a nationwide distribution net-

Creation Windows and LaSalle will have a combined

\$200m across a broad range of building and automotive mar-

The acquisition was foreshadowed in March when Heywood sold its UK and Irisb glass processing and distribution business to Pilkington.

At the time Mr Hinchliffe said that after paying off debts, the net cash of about £65m would be used to fund acquisitions and expand its remaining

The deal will leave Heywood with about £25m in cash. Mr Hinchliffe said he expected it would be apent on another acquisition, probably in the UK, by the end of the

## Frontera helps IBC Vehicles return to black with £5.2m

By Kevin Done,

IBC VEHICLES, the UK-based 60/40 joint venture between General Motors and Isuzu. staged a strong recovery in 1992 with pre-tax profits of £5.2m against losses of £28m in the previous year.

The company, formed in the late 1980s from the former lossmaking Bedford van operations in Lnton, more than tripled turnover to £426m, compared with £133.7m.

Production was more than donbled to 48.452 (20,932) vehicles as a result of the successful build-up of output of the Opel/Vauxhall Frontera four wheel drive leisure utility

The ranges produced by IBC are based on Japanese technology from Isuzu and Suzuki. GM holds minority equity stakes in both companies.

GM has, however, decided to halt production of the Suzukiderived range of microvans at IBC from the end of June

following a collapse in demand. Production of the small vans has plunged from 21,500 in 1989 to 5,652 last year, and output has been cut to only 1,790 in the first half of this year. Vauxhall sales of the Rascal van in the UK dropped last year to only 2,478 from 8,274 in

The market for Japanese-designed microvans has shrunk dramatically, and GM is hop-ing that it can meet residual demand through the forthcoming launch of its new Corsa high-roof van.

As the Rascal is withdrawn other competition is coming into the market, however, with the launch by Daihatsu of its Italian-built Hijet microvan. which is being assembled at a joint venture plant at Pontedera, Tuscany with Piaggio of

Italy.

GM is planning to keep the Midi panel van in production at IBC at least until 1995-96, but it is in negotiations with other vanmakers in Europe about collaboration on a new vehicle range to replace the ageing Midi in the second half of the 1990s.

The future of the IBC operation is now tied closely to the production of four wheel drive leisure utility vehicles; output of the Frontera is planned to increase from 31,436 last year to 42-45,000 in 1993.

The company has reached agreement with trade unions for the introduction of a third shift at the plant, if this can be justified by higher demand for the four wheel drive vehicles, which have succeeded so far in defying the steep fall in demand for new cars in western Europe.

## Ramco slides to £349,000

By Deborah Hargreaves

RAMCO OIL Services saw its pre-tax profits fall to £349,000 in 1992, against £526,000 the year before, when the outcome was boosted by exceptional

At the same time, the company announced it was extending its participation in Azerbai-jan to two additional oilfields in conjunction with Pennzoil,

the US energy group. Ramco's turnover increased from £4.11m to £5.43m. reflecting the first full year's results for Ramco Pipeline Services and the impact of overseas contracts in Japan and

The company's Russian joint venture - Ramco Alnas which produces electric submersible pumps for the oil industry, made a profit of £272,000 - of which Ramco received £136,000.

Last year the venture sold and installed Alnas pumps in North America, Germany, Russia, North Africa and the Mid-

In addition, Ramco extended its interests in the former Soviet Union through its participation with Pennzoil in the 1.4bn barrel Gunashli field in Caspian Sea. The company announced yesterday it would be extending this partnership to the Azeri and Chirag fields. Ramco has also begun work on a new oil and gas development in the Tyumen region of western Siberia in a joint ven-

ture with a group of US inves-

the Azerbaijan sector of the

The company said its work in Azerbaijan had placed it in a unique position for a company of its size.

Earnings per share dipped to 1.88p, against 2.39p, and the

company declared a dividend of 1p - down from 2p.

## Drummond £3.4m in the red

OPERATIONAL difficulties arising from the integration of acquisitions and the introduction of new equipment, as well as the effects of recession, were behind a fall into losses at

Drummond Croup.
The company, which makes fabrics and associated products for the clothing industry, reported a pre-tax deficit of £3.38m after net reorganisation costs of £2.6m in the year to end-March.

The outcome compared with pre-tax profits of £1.14m last time and was struck on turnover down from £48.4m

Profits at the operating level were £116,000 (£2.03m). However, this comprised profits of £658,000 (£814,000) from discontinued operations. Continuing operations incurred losses of £542,000 against profits of £1.21m.

Losses per share were 22,63p (4.59p earnings). There is no dividend; in 1991-92 a total of 1.5p was paid.

Mr Stefan Simmonds, chairman, said the integration of Crowthers and Courtauld Woollens, and Armatex, the

group's man-made fibres divi-

ston, had taken longer to achieve than expected, while the re-equipping of the worsted operation with modern plant had yet to show results.

The sale of Stroud Riley, the Sonth African subsidiary, to Chargeurs Textiles has now been completed and gross proceeds of £3.7m have been received.

Gearing after the disposal is 66 per cent. In conjunction with the sale, Drummond bas secured overdraft facilities untill April 30 1994 on terms which the board considers satisfactory.

#### 92% take up for Saatchi rights

By Gary Mead,

SAATCHI AND Saatchi's £78m rights issue was 92 per cent taken up. Directors were "pleasantly surprised" at the relatively high take-up, particularly since more than half of the group's shares are held outside the UK.

The group plana to use £36.5m of the proceeds to reduce bank debt; £19m will go towards acquiring minority interests in European advertising subsidiaries; £10.5m will be used to strengthen the increasingly important media buying businesses; and £7m will be used to invest in new

information technology.

The issue was fully under-written by SG Warburg and UBS. The largest institutional investor is the State of Wisconsin Investment Board, with 8.99 per cent prior to the issue Saatchi shares dipped 1p to

165p yesterday. ● British Airways announced yesterday that 92 per cent of its 1-for-4 rights Issne was taken up by shareholders at 245p a share. The balance was placed by the underwriters at a net premium of 45.418p a share. BA shares closed last night up 2p at 294p.

#### **LEGAL NOTICES**

#### HERON INTERNATIONAL N.V. (HINV) RESTRUCTURING PROPOSALS

We are creditors of HINV. HINV's Restructuring Proposals do not include such information as a detailed valuation, financial statements for periods after March 1992, a cash flow forecast or Business Plans for all businesses. Information about each Banks' outstanding debt, collateral and the Banks' relative rate of recovery is also not disclosed. The absence of such information makes it difficult for creditors to evaluate the proposal.

If you are a creditor of HINV and wish to participate with others in considering opposing the Scheme now proposed, we would be interested in an exchange of views leading to possible cooperation. In such event please contact our solicitors who are:-

> Richards Butler **Beaufort House** 15 St. Botolph Street London EC3A 7EE England Tel: 071 247 6555 Fax: 071 247 5091 Ref: DGW

FIRST EASTERN DEVELOPMENTS LIMITED

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#### MONTEDISON

#### Notice of a General Meeting of shareholders

Shareholders of Montedison S.p.A. are hereby convened to ottend an Ordinary General Meeting of shurchalders, to be held at Foro Buunoparte 31. Milan on June 28; 1993 at 10.30 A.M. (first call) ond, if needed, on Jone 29, 1993 (second call), same time and place, in order to discuss and vate upon the following items on the agenda:

1. Reports by the Board of Directors and Statutory Additors.

2. Accounts for the financial year 1992 and related resolutions, including the total coverage

of the 404 billing Lire loss through utilization of reserves.

3. Election of the Board of Directors and determination of the number of its members. At the General Meeting, moreover, the consulidated Financiol Stotements at December 31, 1992 will be presented. Shureholders are entitled to attend the General Meeting if, at least five doys prior to the General Meeting (excluding from the computation the day of the Meeting), they have deposited their share restificates of the Company's registered office or at one of the following financial institutions:

In Italy: Monte Tituli S.p.A. (for certificates deposited with the same). Credito Italiano, Banca Contmerciale Italiana. Banca di Roma, Banca Nazionale del Lavora, Banco di Napoli, Istituto Bancario San Paola di Torino. Monte dei Paschi di Siena. Banco Ambrosinno Veneto, Banca Mercantile Italiana, Banca Nazionale dell'Agricoltora, Banca Popolare di Bergamo - Credito Vuresino, Banca Popolare di Milano, Banca Popolare di Novora, Banco Lariano, Casso di Bisparmin delle Provincie Lombarde, Credita Commerciale.

Abroad (by appointment of Italian banks according to the law):

In Switzerland: Surièté de Banque Suisse - Busel oud Zurich, Crédit Suisse - Zurirh, Union de Banques Suisses - Zurich. Banca dello Svizzera Italiana - Lugano.

Banque Nutionale de Paris - Paris. In Great Britain:

Morgon Cunracty Trust Co. - Loodou.

In Belgium: Banque Bruxelles Lambert - Bruxelles.

In Germany: Deutsche Bank - Dresdner Bank - Fronkfort a/Main.

In the Netherlands: ABM-AMRO N.V. - Amsterdani and Rotterdum

In the U.S.A.:

Bank of New York - New York.

On behalf of the Board of Directors Arturo Ferruzzi

The company's financial statements to be approved at the meeting are available. upon request, from the following locations:

MONTEDISON S.p.A., Foro Buonaparte 31, 20121 Milan, Italy Alt. Mr. G.C. Scaramelli (tel. 2.6270.5061)

MONTEDISON USA INC. 1114 Avenue of Americas, New York, N.Y. 10036 (U.S.A.) Att. Mrs. B. Alessio (tel. 212,997.7000).

Procedure to be followed by foreign shareholders:

(A) Shareholders wishing to attend must request in writing or by telex that the bank where their shares re deposited issue an admission tleket, if that bank is une of Montedison's ubove-listed depositary broaks: if the bank where their shares are deposited is not one of Montedison's depositary banks, they must request that bonk to contact one of the depositary banks on that an odmission licket can be issued. All admission tickets must be issued at least five days before the Ceneral Meeting.

(B) Shureholders wishing to vote by proxy may appoint u proxy only after depositing their shares and receiving the admission ticket in accordance with the procedures described in (A), above. Proxies are to be to writing and cannot be issued to: banks, members of the Board of Directors, Statutory Amittors and employeeof Montedison and its subsidiaries.

Please Note: Shareholders may contuel the foreign branches of the above-listed Italian depositary hanks to expedite these procedures.

Montedison S.p.A. - Registered Office in Milan at Foro Buunuparte. 31 Share Capitul Lit. 2-916.788,109,000 fully poid Court of Milan - Ilegister of Companies un. 310653/7795/3 Tax identification no. 05114510158

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#### GREECE

The FT proposes to publish this survey on July 8 1993 Greece's complex internal and external problems will be analysed in depth in a broad-ranging and comprehensive survey to be published by the Financial Times.

For a copy of the editorial synopsis and advertisement rates, contact: Alec Kitroeff in Athens

Tel: (1) 671 3815 Fax: (1) 647 9372

Connie Davis in Loodoo Tel: (071) 873 3514 Fax: (071) 873 3428

FT SURVEYS

By Richard Gourlay

AIRTOURS, the UK tour operator that narrowly failed to acquire rival Owners Abroad earlier this year, is to pay £25m for the retail business of Hogg Robinson. Added to the Pickfords travel

agencies bought last Septem-ber, the 214 Hogg Robinson branches will give Airtours 550 outlets, second only to Lunn Poly in the UK.

Airtours expects at least 25m of benefits in the first full year. This will be derived from increased commissions charged to tour operators and from the introduction of Hogg Robinson's foreign exchange facilities throughout the Pick-

fords branches.

The purchase continues the process of Airtours becoming a vertically integrated company within the holiday industry. Had Airtours successfully bid for Owners Abroad, the group would still have expanded its

Airtours raised £49.5m Airtouthrough the issue of convert- to 323p.

ible shares at the time of the failed bld. With interest rates at current levels, the deal would immediately enhance earnings per share, said Mr

Harry Coe, finance director. Airtours has use of the Hogg Robinson and Pickfords names until 1995 and is therefore expected to change the name of the entire chain.

Lunn Poly has about 20 per cent of the market; Pickfords and Hogg Robinson Leisure will have about 12 per cent, ahead of Thomas Cook with 8

Mr Coe said that Pickfords' commissions were on average one percentage point higher than at Hogg Robinson and

would be increased.
Hogg Robinson also came
with a highly developed information technology system. As a result Airtours would not need to spend so much upgrad-ing the Pickfords systems. The total systems cost was now

Airtours share price rose 5p

## Beverley at £63,000 after reconstruction

BEVERLEY Group, the man and chief executive, said engineering concern formerly known as Petrocon, reported pre-tax profits of £63,000 for 1992 against losses of £2.57m. Turnover was ahead 5 per cent at £19.3m, against £18.3m.

During the period the company failed to acquire James Wilkes in a bostile bid and underwent a capital reconstruction. Receivers were appointed to the Clydebank Engineering offsboot and Gor-

seline has since been sold. Mr Colin Robinson, chairthat manufacturing division was trading satisfactorily with quotation activity at record

Extraordinary charges of £339,000 (£2.15m), related to a payment under an on-demand performance bond, losses on the sale of Gorseline and costs incurred in the Wilkes bid. Retained losses were £73,000

The final is passed. An interim of 0.625p was the only dividend in the previous year.

NOTICE to the holders of the outstanding £150,000,000 111/2 per cent, Notes 1994 (the "Noteholders" and the "Notes" respectively) of The Agricultural Mortgage Corporation PLC (the "Issuer")

Notice is hereby given to the Notcholders that, at the adjourned meeting of such holders convened by the notice of adjourned meeting published in the Financial Times on 21st May, 1993 (the "Notice") and held at 10.30 a.m. (London time) on 7th June, 1993, the Extraordinary Resolution set out in the Notice was duly passed. Accordingly,

the sanction of the Noteholders has been given to the modification to the Terms and Conditions of the Notes and the Trust Deed constituting them and the proposed put option scheme of the Issuer in respect of the Notes referred to in such Extraordinary Resolution, all of which have been implemented with offices from 7th June, 1993 by means

Accordingly, henceforth the Noteholders or any of them may, at their option, by depositing at the specified office of any Paying Agent (as defined in the Conditions of the Notes) the relevant Note or Notes, together with (i) all

Coupons relating thereto which mature after the date fixed for purchase as specified below and (ii) a duly completed Purchase Notice in the form obtainable from the specified office of any of the Paying Agents (which notice shall be irrevocable) at any time, require the Issuer to purchase all or any of their Notes on the business day (as defined in Condition 6 of the Notes) specified by the Noteholder in the Purchase Notice and falling not less than

10 days after the date of the deposit of the relevant Note or Notes at a price equal to the aggregate of 100 per cent. of their principal amount and an amount equal to interest accrued to that date, all subject to and in accordan

the Second Supplemental Trust Deed mentioned above, which is available for inspection at the specified office of

PRINCIPAL PAYING AGENT

PAYING AGENTS

## Placing to raise £15m Metrotect at £26m

METROTECT Industries yesterday revealed plans to raise the maximum £15m allowed through a Stock Exchange flotation which will take place later in June by way of a placing of ordinary

This will value the company

at about £26m. Metrotect, which manufac-

tures and supplies plasticised materials and products to pro-tect underground and under-water pipelines carrying mainly oil, gas and water, also announced sharply higher profits for the year to March 31. On turnover almost douoled to £22.6m (£11.4m), pretax profits rose from 2679,000

Of the £15m, some £8.25m will be from the sale of stakes held by existing shareholders. These include the management and 3i and County NatWest Ventures, which hacked the management buy-out from BPB Industries in April 1990.

The management team which numbers 11 people, led by Mr Brian Thomas, and is unchanged since the MBO – is selling one third of its collec-

The balance of £6.75m will be used to repay debt and to rationalise and simplify the share structure into one class of ordinary. This will leave the company with about £1m net cash, which will go towards working capital requirements. Panmure Gordon, the stock-broker, has issued the path-

finder prospectus. Metrotect said that oversees markets accounted for about

90 per cent of its sales. The directors said the order book was encouraging. A contract has just been won to pro-vide coating materials for 540 miles of pipeline from Hainan Island to Hong Kong.

# Armed with a recipe for healthy growth

By Peter Pearse

dozes in the sunshine. The river Spey sparkles blue in the distance. Piped bagpipe music rings out from loudspeakers as visitors trickle from a restaurant into a row of shops, one of them a restored

19th century grocery.
All this is happening outside the production plant of Baxters of Speyside, maker of high quality soups and preserves, near the little town of Fochabers in Morayshire, north-east Scotland. The visitor centre. which gives 180,000 people a year a free tour of the factory, followed by a chance to buy cans of soup and jars of jam, is a key part of the company's marketing effort.

The visitor centre makes them remember Baxters' products," says Ms Andrey Baxter. the family-owned company's managing director. "It is also a £1m business in its own right." Baxters has expanded rapidly in recent years: its sales doubled from £18m in 1987 to about £35m last year, and Ms Baxter expects them to double again in the next five years. It

employs about 650 people. Though the company is still a relatively small food producer it has established a niche for its range of premium foods in the ruthlessly competi-tive UK food retailing sector. Its products are sold by all eight of the big supermarket chains, which account for 70 to 80 per cent of the UK food market, and it quotes independent research showing that it makes

SHAGGY Highland calf the UK's top selling brands of premium soups, branded jams and some other products. Baxters of Speyside has been

famous name in soups since shortly after the second world war when Mr Gordon Baxter, Ms Baxter's father, developed a business, founded in 1868 by his grandfather. Gordon Baxter had a talent

for marketing, and his wife, Ena, devised some of the company's most successful recipes such as its Royal Game Soup. Last summer Gordon Baxter. now 75, handed over as managing director to his daughter, remaining chairman. (His two sons also have senior posts in the business). Audrey Baxter, who is married to a local bosinessman, joined the company in 1987 after working for Klein-

wort Benson in London. "This business has taken off in the past six years," Ms Bax-ter says. Until her arrival, she says, it was "run on instinct." She drew up the company's first three year plan "so that everyone knew where they were going," and took charge of marketing, later becoming commercial director.

The polarisation of the food market over the past eight years with its concentration in the hands of a small number of retail groups has presented big opportunities to any food manufacturer who can command shelf space. Ms Baxter says that Baxters has been able to achieve this partly because its hrands command premium prices which "deliver profit-



Audrey Baxter, the company's greatest asset is its brand

ability for the retailer." "The two forces which drive us," she says, "are marketing and innovation." Baxters greatest asset is its brand, which is nurtured through editorial coverage, especially in women's magazines. Baxters advertises nationally on TV and has an annual advertising budget of £2m. It exploits its base in rural Scotland and ben-

As for innovation, Baxters' chefs are continually developing new products to satisfy the supermarket chains. The company offers vegetarian souns. and will launch fresh soups sold in cartons in September. The drive is to attract younger consumers, after the company found that many of its customers, who are predominantly in the ABC1 social group, were aged between 45 and 60.

Baxters has rationalised its

efits from the trend towards

healthy food.

exports, which account for about 15 per cent of turnover. instead of exporting to about 60 countries and "diluting our efforts," according to Ms Baxter, it now concentrates on six main markets, led hy Ireland, North America and Germany.

axters maintains con-Baxters make big retailers on two levels. The family handles dealings with their top executives - Gordon Baxter may invite them to salmon fishing on the Spey. Detailed operations with retailers in England are handled by Food Brokers, a sales company, but this will end in November when Baxters introduces its own 14-person sales force. It already has its own sales force in Scotland.

One threat to Baxters is that retailers, envious of the margins the brand can command. will increasingly challenge it

with their own products under their labels. Ms Baxter says that Baxters already does own label manufacturing for unnamed retailers but says

this accounts for less than 15 per cent of turnover. "I don't regard own label products as a threat to us, they're just competition," she says. The other challenge is to continue successfully repeat. ing the formula of marketing

and innovation.

Though profit figures for the whole group are not readily available, Baxters of Speyside, the main subsidiary, ma operating profit of £3m on sales of £29.2m in the year to May 1992, a margin which food analysts say is good by indus-

try standards.

Baxters is 98.6 per cent owned by the Baxter family, who were recently said by the Sunday Times to be worth

call

250m, based on a notional valu-ation of the company.

"We have no debt at the moment, and as a family. owned company we can plough much more of our cash back into the business than a quoted company," says Ms Baxter.

Expansion, she says, should be funded internally.

The issue of whether the company might be taken over has been developed into part of Baxters' marketing mystique. So far it has refused 172 takeover offers and Gordon Baxter says his reply to persistent suitors is: "I'll leave a note for my executors to contact you if there is a change of mind."

## Stratagem to retain Firstpoint subsidiary

By Nigel Clark

STRATAGEM GROUP, the investment holding company, bas ended talks on the disposal of its Firstpoint computer maintenance company.

The group said that a number of companies had expressed interest in buying Firstpoint, but in view of the improving results it was to be retained. Its figures are now to be consolidated from March 1. Stratagem reported the decision along with its figures for the six months to February 28 when pre-tax profits were £272.000 (£221,000 losses).

Firstpoint, which was not consolidated because of the talks, showed profits of

and management charges. which totalled £300,000 and were included in Stratagem's other income of £621,000 (£594,000). Stratagem also had a surplus on disposal of invest-

ments this time of £69,000. Earnings per share were 2.2p (3p losses) and the company has begun paying interim divi-

£588,000 (£526,000) before tax dends with a payment of 1.5p. Stratagem also said it was changing its brokers from Kleinwort Benson Securities to Panmure Gordon, Mr Bernard Kerrison, chairman and chief executive, said the move was intended to improve the marketability of the shares as Panmure was geared more towards

#### Millwall in cash injection talks

Millwall Holdings, the holding company of the First Division football club, said yesterday that it was involved in preliminary discussions concerning a cash injection.

The USM-quoted group raised some £3.2m via a rights issue in April to ensure completion of a new stadium at Senegal Fields, south London. The shares rose 1p to 5%p.

## FT GUIDE TO WORLD CURRENCIES

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## NOTICE

to the holders of the outstanding £100,000,000 11 3/8 per cent. Notes 1996 (the "Noteholders" and the "Notes" respectively) of The Agricultural Mortgage Corporation PLC (the "Issuer")

Notice is hereby given to the Noteholders that, at the adjourned meeting of such holders convened by the notice of adjourned meeting published in the Financial Times on 21st May, 1993 (the "Notice") and held at 11.15 a.m. (London time) on 7th June, 1993, the Extraordinary Resolution set out in the Notice was duly passed. Accordingly, the sanction of the Noteholders has been given to the modification to the Terms and Conditions of the Notes and the Trust Deeds constituting them and the proposed put option scheme of the Issuer in respect of the Notes referred to in such Extraordinary Resolution, all of which bave been implemented with effect from 7th June, 1993 by means of a Second Supplemental Trust Deed of the same date. Trust Deed of the same date.

Accordingly, henceforth the Noteholders or any of them may, at their option, by depositing at the specified office of any Paying Agent (as defined in the Conditions of the Notes) the relevant Note or Notes, together with (i) all Coupons relating thereto which mature after the date fixed for purchase as specified below and (ii) a duly completed Purchase Notice in the form obtainable from the specified office of any of the Paying Agents (which notice shall be irrevocable) at any time, require the Issuer to purchase all or any of their Notes on the business day (as defined in Condition 6 of the Notes) specified by the Noteholder in the Purchase Notice and falling not less than 10 days after the date of the deposit of the relevant Note or Notes at a price equal to the aggregate of 100 per cent. of their principal amount and an amount equal to interest accrued to that date, all subject to and in accordance with the Second Supplemental Trust Deed mentioned above, which is available for inspection at the specified office of each of the Paying Agents. Supplemental Trust Deed reach of the Paying Agents.

PRINCIPAL PAYING AGENT

S.G. Warburg & Co. Ltd. Paying Agency 2 Finsbury Avenu London EC2M 2PA

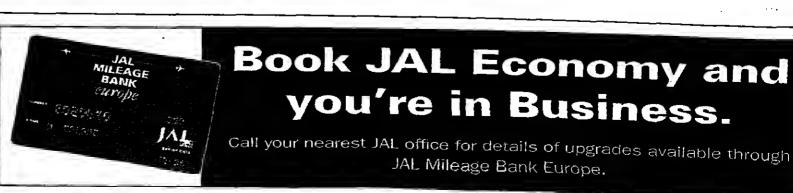
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THE AGRICULTURAL MORTGAGE CORPORATION PLC





A new price-sensitive and more sophisticated consumer is emerging in the 1990s, writes Neil Buckley. Faced also with increased competition from new shopping formats, retailers are investing in sophisticated new distribution and sales analysis systems

## **Customers** call the tune

Ed all successfully expanding outside their home markets.

Verdict, the UK retail market

research company predicts, dis-counting is likely to be a main force not just in the food sector

but in other retail sectors such

as clothing, electricals and the

prices, are already well-estab-

variety stores.

kets such as Spain.

and low prices.

investments in technology.

competitive edge.

goods as they are sold.

with that product.

ysis in some way, but it is already being replaced as the buzzword for the 1990s by "cat-

This involves dividing a store's products into different

categories (a large grocery

superstore may bave 400 or more categories) and managing

each of those categories like

DPP, market research and

other information is then used

to decide the correct mix of

brands - and what shelf space

to allot to each brand - on a

store-by-store basis. This pro-

cess is said to maximise the

profitability of the overall cate-

gory and at the same time

As Safeway, one UK grocery

chain which is introducing cat-

egory management, puts it:

store level, which will yield

gory management is the shar-

ing of information between

manufacturers and retailers -

something which may alter the

relationship between the two

But many manufacturers are

still reluctant to give away too

many of their secrets to what

during the 1990s.

improved financial results. A vital ingredient in cate-

The most important objective is to focus on customers at the

meet customers' demands.

But, as a recent report by

RETAILING might be the world's eecond-oldest profession, but it bas become a sophisticated business. As John Beaumont, chief executive of the UK's Institute of Grocery Distribution, puts it: "For the retailer, the business is no longer about selling what you buy, but about buying

Hypermarkets, selling a wide range of goods at very low The days are gone when retailers did the best deals they could with manufacturers, and then hoped customers would buy what they had to offer. The wide choice of products now available - with too much floorspace chasing too little business in many markets eans customers call the time. If they cannot get what they want at the price they want, accompanied by the lavel of service they require, in one shop, they will take their business somewhere else.

Customer-led retailing is one of the trends underpinning the way the sector operates. But there is another important factor: many UK retailers believe a new price sensitivity and sophistication among consumers will make the 1990s a very different decade from the highspending 1980s.

The increase in consumer awareness is said to result from the longest and deepest recession experienced in Britain and much of the rest of Europe since the second world war and has left some deep scars on consumers, now more cantious and thrifty about what they buy and where they buy it. And the more cautious consumer is expected to sur-

vive the recession.

Many retailers believe the pattern of shopping in Britain over Christmas and New Year is evideoce of this.

Shoppers last year left gift-buying to the last possible moment, hoping for dramatic price reductions. Then in January they descended on the sales in droves to make other purchases that they had delayed for months previous in the pursuit of bargains.

All this is bad news for retailers. The recession has made recent years' trading

tough enough.

And a whole cadre of UK chains, including Asda, Burton, Storehouse, Next and Laura Ashley, have additional problems of their own, brought about by over-expansion, over-borrowing or other strategic mistakes during the consumer boom of the late 1980s.

Even though these chains are now turning the corner, and the UK economy is show-ing the first, faltering signs of recovery, the outlook for retailers is tougher than they may have hoped.

My view is the high mar-gins that UK retailers have secured in the past are not sustainable," says Jim Hodkinson, international development director at Kingfisher, one of the UK'e largest retailing

The consumer still wants the choice, the range and the service, but at the same time he wants to know when be goes into a store that he is going to get a good price. He wants to shop with confi-

Moreover, the new price consciousness among consumers has coincided with, and will be sharpened by, the rapid growth of the discount retailers.

Discounters aim to cut costs down to the bone, often by selling limited product ranges from no-frills stores in secondary locations, and limiting their investments in technology to the bare essentials. They compete by keeping margins and prices as low as possible and make their money by shifting large volumes of

New discount formats from the US are now being imported into Europe, and Mr Hodkinson believes they will threaten not just UK retailers' margins, but even the lower margins common across continental

Europe has already witnessed a massive growth in discount food retailing, with chains such as Germany's Aldi, Denmark's Netto and France's

they perceive as tha "other

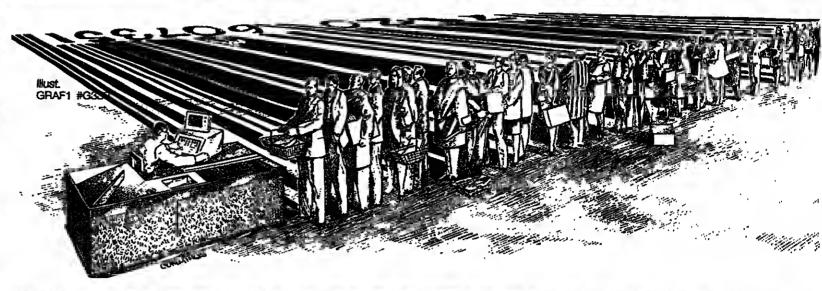
But getting the most out of category management means that the two must work together, because the manufacturers still know more about their category than the retailers do, and retailers know more about their stores and

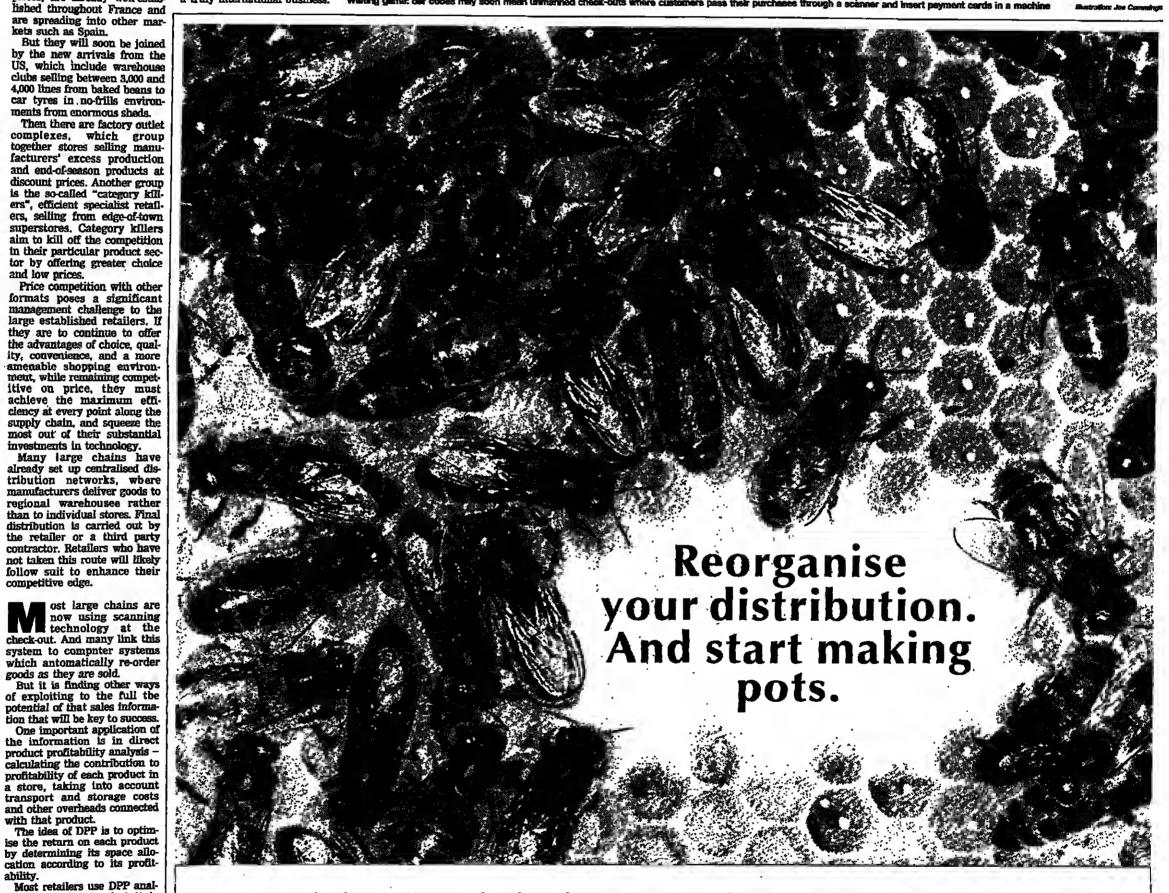
Another major challenge for retailers, as their bome mar-kets become increasingly competitive and approach saturation, will be to find new opportunities, either through diversification, or by exporting their format into a new mar-

Despite the difficulties, the pace of cross-border expansion and the formation of international retailing alliances is

Corporate Intelligence Group, the market researchers, says it has identified more than 60 US retailers which are planning to expand into Europe, and the movement is unlikely to be all one-way.

Large European retailers, meanwhile, are spending increasing amounts of time investigating other European markets. The 1990s may be the decade wheo retailing becomes a truly international business.





Your distribution set-up may be a hive of industry. but could its efforts be more profitably directed?

In partnership with Exel Logistics, you could probably reduce your costs and improve performance.

What Exel Logistics promise - and deliver - is intelligent distribution.

Years of specialised experience mean we can accurately analyse your needs. Awareness of the latest technology ensures we can organise the logistics to meet them.

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We're busy transforming cost centres into opportunities for profit, nationally and internationally, for scores of companies.

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## **Intelligent Distribution**

International Headquarters, The Merton Centre, 45 St Peters Street, Bedford MK40 2UB. Telephone (0234) 273727. Facsimile (0234) 216826.

CUSTOMERS passing through a check-out at most big supermarkets spark off a chain of stock-taking, ordering, involcing and payment activities in which they and the check-out operator are the only human elements. Many retail industry specialists believe that in the next decade the human element could be reduced to the custom

ers. Ultimately even their physical involvement could be eliminated. Computer technology and the trading information it provides have helped make some of the most advanced users - Marks and Spencer, J Sainsbury, Tesco and Safeway - the top four retailers in terms of operating profit per square foot of shop floor space.

Tesco, for example, captures data about sales of individual items as those sales are made. Scanners et check-outs and other sales points record the data from bar codes. Overnight a central computer telephones each store computer to collect the day's data. This brings stock files up to date and computer programs then decide whether new orders are needed. Programs also work out the deliveries needed the

next day by each store.

All the leading chains now use electronic data interchange (EDI): the exchange of business documents such as orders and involces over telecommunications lines between computers.

Tesco, an EDI pioneer, now trades electronically with more than 1,200 companies of all sizes, representing more than 95 per cent of products on its shelves. Half these suppliers send their invoices to Tesco by

John Kavanagh looks at the latest information technology available to supermarkets

## On the way to unmanned check-outs

EDL Tesco has also used EDI to forge close husiness relationships with a quarter of them, sending 13-week sales forecasts to help them schedule production and reduce stocks - thus keeping their own costs and

The benefits over the past six years have been so great that Tesco no longer measures them against the costs.

"We've reduced stock levels yet improved stock availability and sales; cut lead times on orders; cut administration; and improved communication with our suppliers," says Mr Dave MacInnis, stock management director

"The EDI costs are absolutely negligible. They are covered by our savings on the phone, fax and mail. That means we have all the business benefits for nothing."

The daily gathering of sales data on each store means orders can he placed on Tesco's eight warehouses as close as possible to the time the Items will be sold. Supermarkets therefore need only minimal stocks, so they have more space for

All this is made possible by the eimple gathering of data at the check-out. The next step for retailers could be to eliminate the people who operate the bar



code scanners and let the customers unwittingly become unpaid date entry

This is already happening in unmanned petrol filling stations in parts of the US and Scandinavia. The system accepts a card and switches on the pump. It records the account details and the amount of fuel taken, thus capturing both payment and

stock control data. Such schemes have raised interest in the idea of unmanned check-outs in supermarkets, with customers inserting money or payment cards in a machine and passing their purchases through a scanner

Unmanned check-onts are still very much in their infancy, with only a handful of pilot trials in the US.

The ultimate step would be to remove not only the check-out operators from the shops but also the customers. They would shop from home using computer termision set equipped with a keyboard and connected over the domestic telephone line to a retailer'e computer. Systems based on videotex systems such as the UK's Prestel have been set up but they have not had mass audiences.

Neither shoppers nor rstailers really want home shopping, according to Tony Naudi, a consultant at Martec International, a retail industry research, consultancy and training firm based in Taunton.

"The technology is there but trials have never got anywhere," he says. "People like going to the shops and handling the goods. More important, retailers want them in the shops: a large percentage of items are bought on impulse, so the more a retailer can get customers to handle his goods, the more chance he has of selling them. "In addition, the proportion of older peo-

ple is increasing and for many going shop-ping and mixing with other people is one of their few sources of companionship. A compromise between going shopping and using home shopping technology is

starting to emerge.

The development of multimedia systems, combining text, video and sound on a personal computer, has eeen the

introduction of units which customers use themselves, typically by touching the screen to call up information. This might include details of products on show in the store or which can be ordered, or information about warranties, special offers and

credit facilities. The Sears chain is e pioneer in this field in the UK. Seven of its nine new Pride & Joy etores for expectant mothers are equipped with IBM PS/2 personal comput. ers with touch sensitive screens which act as electronic catalogues. Many products are physically on display, so customers can see and handle them, but the multime dia catalogues enable stores to show and describe hig items such as nursery farniture in strongly promotional ways without needing expensive floor space: each store is no more than 2,000 square feet. The terminals also advise on things such as what to take to hospital and how to deco-

rate a nursery. The technology is available today for all these possibilities. But there is no clear picture yet of what - if anything - will replace the daily social visit to the corner shop, the weekly trip to the supermarket or the family outing to the furniture

There are many projects going on and retailers are interested in anything that helps part consumers from their money, says Tony Naudi at Martec Internation But retailers are very hard-nosed bustness people: unless something increa sales, they will not take it up, no matter how clever the technology might be."

#### DISTRIBUTION

## A fresh direction in logistics

DISTRIBUTION and the broader function of logistics are now firmly established as a critical area of retail chain

In fact, claims Mr Angus Clark, systems and distribution director of food retailer J Sainsbury, "a policy for logis-tics is clearly a prerequisite for huilding a retail business in any sector of the market today." Retailer-led logistics development over the past decade bas, in turn, put great pressure on manufacturers.

To do business with retailers now, mannfacturers not only have to have the right product, best quality and competitive prices, they also have to be able to respond quickly to customers' requirements and provide sound levels of service," says Mr Clark.

Many UK retail industry distribution systems, particularly in the food retailing sector, are enormous operations. Sainsbury's, for example, processes products from more than 1,000 snppllers through

Centralised distribution has involved heavy investment by retailers

20 depot locations. Some 1,000 lorries distribute 11m cases a week to 335 stores. Within this network, there are more than 17.000 commodities and more than 65,000 individual stocking points. "The longest lead time for meeting orders from the stores is 48 hours. But over 80 per cent of the volume is delivered within 24 hours of it being ordered. The supply chain now operates 24 hours a day, 364 days a year," Mr Clark said at a recent seminar run by distribution company Exel Logistics.

The biggest change in retail sector logistics over the past couple of decades has been the move to centralised distribntion centres. In the case of food retail, those centres are often centres which can handle temperature-controlled products and ambient temperature goods.

Previously, mannfacturers tended to deliver direct to the local depots or even the stores of their retail sector customers. Snch operations were known as "push" systems -driven by the suppliers. Now, manufacturers' deliveries are increasingly made into a cen-tral distribution point run by the retailer or a contractor working on behalf of the retailer. The retailer, and the

controls the final distribution

through to the stores The establishment of centralised distribution networks has involved beavy investment by retailers and their distribution service contractors. Mnch of that investment has been phased in but some companies have opted - or been forced to opt - for more dramatic change. ASDA Stores, for example, developed a centralised distribution system at the start of the 1990s costing £170m over two years. Six fully composite centres were built and commissioned, together with a slow moving ambient centre and a transhipment operation.

Who is best-placed to run the retail industry's distribu-tion systems is still being

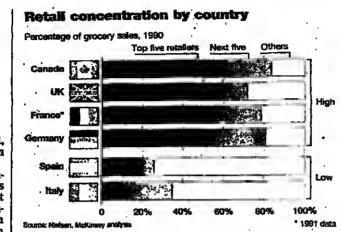
Some retailers have opted to bring back in-house parts of those operations which have for some time been contracted ont to third party specialists. Other retailers, though, are heading in the opposite direction and seeking to establish closer, wider-ranging partner-

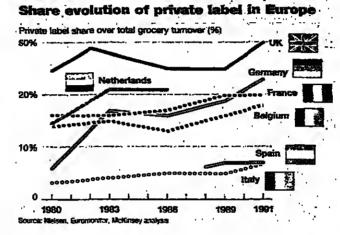
ships with distribution service

Such developments are confirmed by the Research vices Department of the Institute of Grocery Distribution in a 1991 study focusing on the involvement of third party specialists in the distribution operations of leading multiple stores. According to IGD, third party penetration of leading stores ranged from 35-45 per cent for ASDA, J Sainsbury and Tesco and 60-65 per cen for CRS, Gateway and Safeway, to 85-95 per cent for Iceland, Kwik Save and CWS, and 100 per cent for Wm Low and

Grandways. While the debate continues handling distribution In-house or contracting out, retail industry observers agree other trends will continue to be infinential.

In the words of Mr Irving Nixon, managing director of Worldwide Chain Store Systems International, in a paper presented at an IGD conference in London earlier this year: "Central distribution will continue, with fewer, larger units delivering more frequently to stores with full vehicle loads. And retailers' systems will continue to be further integrated to embrace all products to the store, from the warehouse right back to the supplier."





Guy de Jonquieres on factors underlying the growth of private labels

## New challenge for big brands

FEW ISSUES have excited as much controversy in western consumer goods industries recently as the growth of sales by retailers of private label products and the implications for branded manufacturers.

In one sense the issue is not new, in the US and much of western Europe, private-label ranges have long bad a share of the grocery market. However, several developments have lifted the phenomenon further up the industry

The most dramatic was the decision in April by Philip Morris, the world's largest tobacco manufacturer, to slasb the US sidered one of the world's strongest hrands, in an effort to stem loss of market share to the cheaper private-label ciga-

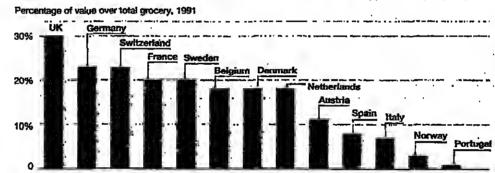
rettes. Though the nature of the product and Marlboro's previous policy of raising prices much faster than inflation made this a special case, It focused attention on the wider private-label challenge faced by other branded consumer goods producers.

The recession has also boosted private-label products by making consumers more price-conscious. Though some observers see this as e cyclical phase, many others believe it is driven by structural changes in the consumer goods sector and by a longer-term ewitch in

consumer ettitudes. A third factor has been the success of large UK retailers such as Marks & Spencer and J. Sainsbury in developing privete lahel into a category which competes not only on price but also increasingly on quality and sophistication.

In response to this other supermarket groups, notably groups in continental Europe, have eyed enviously the handsome profits which British chains have earned from this

#### Penetration of private label by country in Europe



trend lies a much hroader

two decades. As the retail trade has grown more concentrated, it has steadily gained power at the expense of manufacturers, the higgest of which once domi-

nated it completely. The speed and characteristics of this shift in power differ between countries, reflecting a wide variety of local economic, social and business factors. So, too, does the nature of the private label husiness and the

British supermarkets view the private-label business as a means to increase their margins

retailer strategies underlying

in the US and most continental European countries, private-label has traditionally held a dowdy, bargain-basement image and has classically been epplied to commodity ltems which sold largely on

According to McKinsey, the management consultants, the retailers' main motive behind their use of private labels has often been "vindictive", to eliminate emall competitors and curb the power of hranded

Philip Hastings | But behind the private-label

At the other end of the scale, whether increased competition leading British S ermarkets derive a much higher proportion of their sales from private label - more than half in several cases - than their counter-

parts abroad. They also view the private label business as a means to increase their margins, differentiate between products and enhance the power of their own brands.

in the process, they have not just captured sales from manufacturer brands, but have asserted growing strategic control over the development, quality standards and marketing of the products they sell. The assertive lead taken by

UK retailers has several ori-■ Marks & Spencer'e success in building a 100 per cent pri-vate-label business, first in

clothing and later in food. Historically high commercial property prices, which have stimulated retailers to seek new sources of profit to cover the cost of their invest-

ments Development by leading retailers of highly efficient, centralised distribution systems which have greatly expanded their control over the supply chain. Heavy investment in elec-

tronic point-of-sale and ordering systems to enable close monitoring of sales patterns. Lack of competition from the small quality food retailers common on the Continent, where they are often heavily protected by regulation.
It is unclear how far other

countries can follow profitably the pattern of the UK trade, when the combination of influencing factors does not exist: the only chain outside the UK to have euccessfully taken private label up-market is Loblaw's of Canada.

However, several other non-UK retailers are trying. In the US, Wal-Mart, the big discount retailer, recently launched a range of private-lahel foods and drinks designed to compete directly with manufacturer hrands, while in France similar moves are being led by Carrefour and Auchan. At the same time, the struc-ture of food retailing is heing

increasingly attacked in Europe by hard discounters, such as Germany's Aldi, which offer a narrow range of producte at exceptionally low

It is too early to indge

from the hard discounters will prompt conventional supermarkets to respond in kind or to defend themselves by moving further up-market. But either way, the private-label challenge promises to confront branded manufacturers with increasingly difficult choices, not least because Aldi and some other hard discounters sell predominantly private-label goods.

At present, manufacturers are divided on how to respond. A few international brand leaders, such as Kellogg'e, Coca-Cola and Mars, refuse to make private-label products at all. Others, including Unilever and Nestle, do so on a limited basis, largely to fill spare

Britain's United Biscuits, in contrast, has built a large spe-cialised plant for private-label production, which generates about a third of its total UK sales. And many other smaller companies are dedicated exclusively to private-label produc-

For some manufacturers, the

The structure of food retailing is being increasingly attacked in Europe

decision to produce private label is dictated by weak mar-ket positions, which make it the only way to maintain sales

But for the stronger compaes, the choice involves a delicate calculation of advantage. If they make private-label products, they risk weakening their own hrands hy setting up direct competitors. But if they refuse to do so.

they risk turning eway profiteble business which will be snapped up by competitors. How this balance is struck in fact depends on a wide variety of factors, peculiar to individual products and companies. Furthermore, evidence suggests that many multinationals do not yet have a clear and consistent policy across

However, given the recent growth of private-label, and the changing relationship between retailers and manufacturers which underlies the growth, making the right choice seems likely to be of increasing importance to branded producer strategies.

#### CROSS-BORDER TRADE

## Pace of expansion abroad quickens

RETAILING has long been one of the more fragmented of the world's industries. But now at last it is becoming more international as retailers look outside their home markets for acquisitions and alliances. Indeed, the pace of cross-border expansion seems to have

accelerated this year. Tesco, the UK's second-largest food retailer, has acquired the 92-store Cattean chain in northern France, while Kingfisher took over Darty, France's largest electrical retailer. Outside the EC, Migros, the Swiss co-operative, has taken a dominant position in the Austrian grocery market through the acquisition of 112 Familia supermarkets from the Zumtobel group, and a joint venture with Konsum Osterreich, Austria's largest

supermarket group. Rewe, Germany's largest grocery retailer, has taken a stake in UK grocery chain Budgens, while Toys 'R' Us, the US speciality retailer, has announced moves into Bel-

gium and Switzerland. Bnt retail experts say the sudden acceleration in crossborder alliances and acquisitions is an illusion created by the high number of deals concluded this year. In fact, many retailers have been pursuing cross-border opportunities for

several years. Ahold of the Netherlands. Aldi and Tengelmann of Germany, and France's Promodès and Carrefour have already increased the proportion of sales outside their home countries to more than 30 per cent. Mr Robert Clark, director of

Corporate Intelligence Group, the UK retail research group. predicts that increasing numbers of retailers will expand abroad. His group has identified between 60 and 80 US companies with firm plans to move into Europe.

Many leading European retailers, he says, are "crawling all over" neighbouring countries looking for opportunities. But he adds that large UK retailers - despite deals struck this year by Tesco and Kingfisher - are generally conspicuous in their lack of activity abroad.

"If they are not careful, UK retailers could get left behind," he warns.

And the pressures on retailers to expand overseas are building. The near-saturation of many core markets means they either have to use their retailing ekills to diversify into different sales formats or product areas within their home country, or move into foreign markets.

But it is easy to underesti-mate the difficulties involved in expanding abroad. Successful retailing is a delicate balancing act, involving the daliv-ery of the right goods and services to the local customer at the right price. Diverse tastes, cultures, and even cli-mate mean the demands of customers vary considerably throughout Europe.

The need to provide differ-ent products to various markets can also mean cross-bor-der expansion does not always lead to economies of scale, or increased buying muscle with

And different legislation on areas such as opening hours, planning restrictions, VAT and minimum wages, can make operating conditions very different.

Ms Rosanne Murison, a retail expert with the Boston Consulting Group in London, says the key to international retailing success is first to "act local", making sure the new venture is viably posiresponsive to that market's needs, and then to think global", realising economies of

scale where possible. It is vital to conduct exhaustive research into customer. demographics, tastes and pricing attitudes, and into competltors and sites. After some notable past fail-

ures there is evidence that retailers have learned the need for a cantious, calculated approach to overseas expan-Tesco, for example, is using the relatively small Catteau

acquisition to gain experience of operating in France. Rewe may be using its stake in Budgens in a similar way. Migros is expanding initially into areas bordering Switzerland, where customers' testes are similar to those in its

home market, and has chosen as partner a diversified co-operative similar to itself. Forming an alliance can be an attractive option to small and medium-sized companies lacking the financial muscle to

acquire businesses or establish new operations abroad. The UK's Institute of Grocery Distribution says there are four types of alliance. The first is purchasing-based alliances, designed to improve the buying power of members and

develop new sourcing opportu-

nities. An example is Eurogroup, made np of Belglum's GIB, Switzerland's Coop Schweiz, Germany's Rewe, France's Paridoc, and Vendex of the Netherlands.

Another category is the development-based alliance, which is an agreement

Large UK retailers are generally conspicuous in their lack of activity. abroad

between two retailers to co-operate on a project. It has often been used by a retailer keen to enter a new national market - for example, the venture between Tengelmann of Germany and Superal of Italy. Tengelmann supplied management experience and knowhow so that Superal could con-

solidate its presence in Italy. A third category is the skills-based alliance, which involves retailers sharing experience of different markets to their mutual benefit. An example is Belgium's GIB Group and the UK's J. Sainsbury, which developed the base chain using GIB's experience in the DIY market and Sainshury'e UK presence.

Another form is the multifunctional group, which comthree types. Chief among these are the European Retail Alli-ance – made up of the UK's Argyll, Ahold of the Nether-lauds and France's Casino, and Associated Marketing Services, which includes the ERA members plus seven retailers from Germany, Switzerland,

Sweden, Finland and Spain. But several retailers, including Belgium's Delhaize, the UK'e Tesco and Tengelmann of Germany, have avoided buying alliances, often because of the risk of being tied to part-ners who might become takeover targets in overseas expan-

sion plans. But despite the difficulties and teething problems, the new wave of internationalisa tion, especially through crossborder alliances, looks set to be one of the most important retailing trends of the 1990s.

Neil Buckley

#### Profile: LO-COST

## Food stores keep their cool

chilled and other temperaturecontrolled products has become an increasingly important feature of retail chain

A series of food safety scares during the late 1980s and the subsequent UK Food Safety Act of 1991 helped to highlight the importance of establishing and adhering to strict operational standards for the distribution and storage of temperature-sensitive food. Faced with those pressures

and the ever-present need to

achieve greater efficiency and

cost-savings, retallers have increasingly turned to third

party specialists to run their

so-called "cool chains". One

such agreement is the eward of a five-year contract by the distribution centre are three

LOW-COST distribution of Argyll Group's Lo-Cost retail outhase centree in the chain to Wincanton Distribu-

The agreement covers the warehousing and distribution of 300-400 different ranges of chilled foods - typically cheese, hutter, other dairy products and meat - and fresh produce to 300 stores through-out the UK. A purpose-deelgned 156,000 square foot dedicated warehouse at Solihull, West Midlands, was acquired by Wincanton specifically to service the Lo-Cost contract. Around one-third of the warehouse is being used for chilled etorage and those facilities now handle all Lo-Cost's centralised distribution of chilled

eouth-west, south-east and north-west of England, a fleet of 16 vehicles, and a workforce of around 100 people. Before the agreement, Lo-Cost had primarily relied on chilled product manufacturers to deliver directly to its branches around the UK. It also used

Now, most manufacturers deliver goods into the Solihull centralised distribution centre. although some products are collected from the manufacturers by Wincanton using ery runs to the Lo-Cost stores. That backhaul operation is still fairly limited hut it is growing. The advantage is it enables us to maximise the use

one small contracted opers-

of the distribution fleet," says Mr Mike Burhege, managing director of Wincanton Distribu-Communication between Lo-Cost, its suppliers and Win-canton is now increasingly an

EDI (electronic data inter-

change) function. Individual stores relay their orders to the Solihall distribution centre via handheld terminals. Goods held at the centre are called up from stock while details of goods not held at the distribution centre are passed on to the relevant manufacturers who deliver to Solibull. Wincanton than consolidates the products into individual

store orders and organises the

distribution of consignments.

Vanessa Houlder examines how some sections of the property sectors are bucking the downward trend

RETAIL property remains a tenant's market. The lengthy recession, together with the surge in development in the late 1980s, has created a glut of empty premises and a steep decline in rental values.

Nonetheless, there are tentative signs that the market is stabilising. Moreover, some segments of the market such as food stores and retail warehouses have bucked the downward trend.

Tenants are forcing up rents and facing fierce competition to obtain suitable sites and planning consents.

TRADE

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Anti-Carlo

Variations between different parts of the retail property market are striking. Over the two years to February 1993, rental values of town centre shop units and out-of-town shopping centres fell by 8 per cent and 1 per cent respectively, according to research group the investment Property

By contrast, the rental value of retail warehouses rose by more than 6 per cent over the sams period. Indeed, the huoyancy of the retail warehouse sector has been one of the most

Market shows signs of stabilising notable features of the prop-This has been due partly to a

limited supply of space since retail warehouse units are rarely built without a letting agreement from a tenant. At the same time, growing requests from retailers to take space away from the town centres on sites that are visible, accessible and have ample carparking space has boosted

This trend, which gathered momentum during the 1980s, was led by the supermarket groups, along with stores sell-ing do-it-yourself equipment. furniture, and home furnishings. In fact the trend has continued with traditional high street retailers, including Comet, Currys and Halfords, opening out-of-town units. Demand from tenants may

soon begin to stimulate devel-

opment of some of the 16m sq ft of retail warehouse parks that now have planning consent. According to Hillier Parker, chartered surveyors, there are "clear signs of interest" in retail park development beginning to re-emerge. The same cannot be said for

any significant renewal in development of shopping centres, a market that is currently in the doldrums. Just over 2m sq ft of shopping centre floorspace was under construction in December 1992, down from more than 7m the previous year, according to Hillier Par-ker. And more than Im sq ft of shopping centre floorspace originally scheduled for completion during 1991 and 1992 failed to open.

Indeed shopping centre development is likely to remain subdued. Hillier Parker expects it "to take at least two or three years" for the shopping centres opened since the onset of recession to be filled

The future of out-of-town shopping centres does not simply depend on a revival of demand from retailers. It also

planning policy guidance note, known as PPG6. The guidance note emphasised the need to revitalise town centres, rather than promote large out-of-town

It said that regional out-ofdepends on the outcome of a town shopping centres 'would Growing requests from retailers to take space

away from the town centres on sites that are visible,

accessible and have ample car-parking space

has boosted demand

debate between those wbo believe out-of-town centres are complementary to the needs of town centres and those who believe they are highly damag-

The government's policy on out-of-town shopping centres was updated last October. when the Department of the

not normally be appropriate' if they seriously jeopardised investment in nearby town centres, or unless there was likely to be a significant growth in population or retail

Environment issued a new

The difficulty in assessing these factors was recently highlighted by the govero-

approve the development of the Trafford Shopping centre. the first regional shopping centre in the north-west of England.

The decision was strongly criticised by local councillors, town centre retailers and property owners who claimed that lm sq ft of new shops on the outskirts of Manchester would further damage business in the

But the Trafford Centre may turn out to be the last regional shopping centre to be granted planning consent - most of the country is now within reach of a regional centre, with the exception of the south-west of

England.
The arguments on regional centres also apply to other types of out-of-town stores. For instance, "cluh warehouses" and factory outlets ~ the US-

style discount stores which are

beginning to take root in the UK - are seen as a potential

threat to town centres hy

at the ceotre of the debate

about out-of-town shopping,

since they are continuing with

amhitious programmes to open

Similar criticisms to regional

shopping centres apply - the

growth of out-of-town food

stores is hastening the demise

of local shops. The number of

grocery sbops has fallen in the last three decades from more

Such criticisms may increase

as the large supermarket

groups target smaller towns.

Chesterton, the chartered sur-

veyors, says that the propor-

tion of large new food stores

located in small towns has

increased from less than 10 per

out-of-town superstores.

than 100,000 to 40,000.

Supermarket groups are also

many retailers.

Finding suitable sites is a growing constraint on the supermarket groups' expansion. Moreover, the difficulty in securing suitable sites is a severe obstacle for newcomers to the market, such as Aldi and Netto, discount food retailers. attempting to gain ground in the UK.

cent in 1990 to about 25 per

cent today.

"It is clear that the newcomers have encountered greater-than-foreseen difficulities in obtaining suitable sites and planning consents in a highly competitive property market. says research companyCorpor ate Intelligence Group.

Indeed for the retail sector as whole, intense competition for premises is now the exception rather than the rule.

But UBS, the brokers, believes it unlikely that retailers in general will be looking to take additional space in preparation for an upturn in consumer confidence.
"Whereas the late 1980s saw a 'race for space', the emphasis now is one rationalisation and the restoration of profit mar-

WHILE the UK may be the envy of Europe for the efficiency and quality of its food retailing, the US still leads the way when it comes to new retailing Ideas. Several innovative US formats are now crossing

All are discount formats, reflecting the move towards lower-margin retailing in the 1990s, and could have a big impact on

The first is the warehouse club, the fastest-growing format in US retailing in the past 10 years, with between 50 and 100 outlets opening each year. Total sales had

reached more than \$34hn last year. between 100,000 and 150,000 square feet they are four or five times the size of a typical grocery superstore - which sell a bargain prices in no-frills surroundings. the clubs make money hy shifting buge volumes of goods. And they charge an

annual membership fee of \$25 to \$30.

"When these two cultures clash, it will be very, very interesting to see which one

across the Atlantic.

Europe's existing retailers.

Warehouse chibs are huge sheds - at limited range of 3,500 to 4,000 lines at Profit margins are pared to the bone, but

Warehouse clubs could eventually spread across Europe with the UK the first to experience the format, because it is often used by US retailers as a testing ground prior to a full assault on continen-

The club culture is the opposite of that of many UK retailers, which have concentrated their efforts in recent years on increasing operating margins.

wins," says one retail expert.

Despite delays in obtaining planning

US takes the cut-price lead

Nurdin & Peacock, the UK cash and carry chain, has taken space at Wednesbury in the West Midlands and on the Valley Park development in Croydon, south London.

And, most recently Littlewoods, the privately-owned retailing and football pools organisation, has formed a joint venture with Price Club Canada, e subsidiary of the second-largest warehouse club operator in the US, saying it aims to open at least one warehouse club in the UK this

But many retail experts are sceptical about UK and continental Europe warehouse clubs' ability to keep costs low enough and volumes high enough to secure adequate rates of return on invest-

Factory outlet malls are another US format heading for Europe. These have grown almost as rapidly in the US as warehouse clubs, to 270 in less than 10 years, with another 160 in the pipeline.

Again, the UK could be the testing ground. There are more than 1,100 small factory clearance outlets in the UK, selling goods cheaply, either because they are cut-ting out the middle man or they are selfconsents, Costco, the third-largest US operator, plans to open warehouse outlets at returned stock. A relatively new concept is

Trafford Park, Manchester, and Thurrock, grouping such outlets together in a large

Neil Buckley discusses new formats in the money-conscious 1990s

The idea was pioneered in the UK in the late 1980s by the Hornsea Retail and Leisure Park in Humberside. This is where manufacturers including Aquascutum, Laura Ashley and Wrangler are able to sell goods at about 30 per cent below high street prices.

Hornsea attracted mora than 800,000 visitors last year, and other developers are keen to harness the format's potential. At least three groups, including Value Retail,

Factory outlet malls are heading for Europe. These have grown almost as rapidly in the US as warehouse clubs

a consortium of US and UK developers; Prime Gronp, of America, Richardson Developments and Tarmac consortium: and UK developer Factory Outlet Shopping Centres, plan to open factory outlet malls in the UK and continental Europe. Again, some commentators are sceptical about factory outlet malls' prospects in

Europe. Despite the growing price aware-

ness among shoppers, the appeal of buying out-of-season fashions from out-of-town

malls is largely untested.

But high-volume discount retailing has been only one of two important trends in US retailing in the late 1980s. The other is the growth of speciality retailers known as category killers - highly-efficient opera-tors which sell a wide range of goods within a narrowly-defined consumer market at discount prices, usually from lowcost edge-of-town superstores.

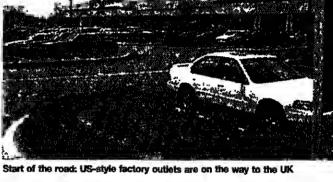
Their aim is to kill off the competition in

their product category. Category killers have already arrived in the UK. Toys 'R Us is the best-known example, and has revolutionised the UK toy industry, huilding a 20 per ceot market share and leading to the demise of many small, specialist chains. The US chain has recently announced plans to move into

Belgium and Switzerland. There is also Ikea - not another US store, hut a Swedish furniture and home furnishings chain operated on the category-killer principle.

It has been highly successful in a number of European countries and has slow but steady expansion plans.

Another example is PC World, the computer superstore concept brought to the UK by Jan Murray, chairman of Vision Technology Group. Mr Murray recently sold the company to Dixons, the UK's largest electronics retailer which aims to open up to 30 PC Worlds within three years.



What the next retailing import from the US might be is less clear. Some commentators believe it could be large, discount variety stores similar to those run by Wal-Mart, the world's largest retailer. But high land costs could prevent these operating effectively in the UK.

Industry analysts believe that in the long run the nature of shopping could change radically, with customers buying more and more products from the comfort of their own homes.

Mail order and home shopping currently accounts for between 3 and 6 per cent of

all retail sales.
But many believe its share will gradually decline, because mail order's traditional advantages - availability of credit, convenience, bome delivery and low prices

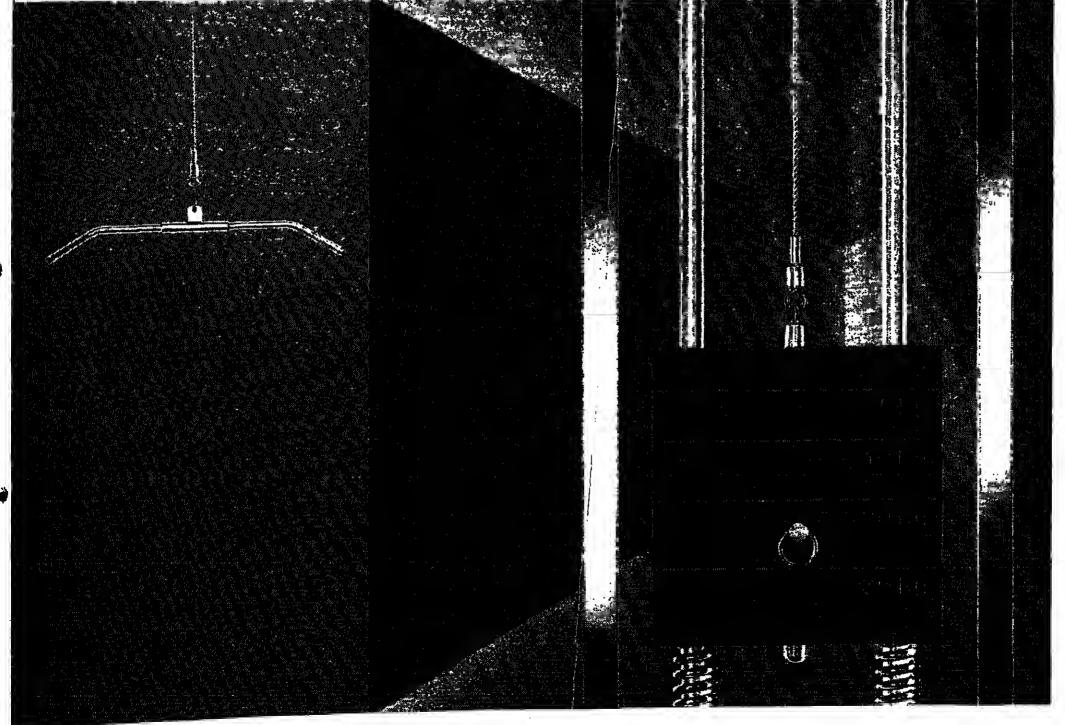
- have been eroded by the developments in high street retailing. And despite home shopping advantages , it seems shoppers still prefer to buy their goods in the shops.

"The long-term trend is definitely down," says Mr Richard Hyman, director of Verdict, the UK retail market research

Others believe new technology such as interactive video systems, and computer systems to process orders automatically, will eventually enable customers to choose goods from TV screen catalogues - orders and payments are carried out by tapping into a key pad.

Indeed, home shopping made easy could divert sales from the high street, sparking off potentially the biggest revolution yet in

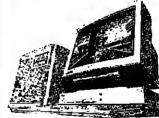
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#### COMMODITIES AND AGRICULTURE

## Bullion prices ebb after rapid rise

Mining Correspondent

GOLD'S PRICE dropped hy \$7.20 a troy ounce to close at \$363.95 in London yesterday, just 7 per cent above the \$340 level where it languished in late April before a concerted effort by investors Sir James Soros boosted the market.

But many analysts suggest gold is simply pausing for breath after its hectic rise and eventually will continue fall in gold's price in Europe

pretty good shape. We expected some consolidation after its meteoric rise," said Mr Graham Roberts, director of mining research at Carr Kitcat & Aitken, part of the Banque Indosuez Group. He said gold would reach \$380 to \$385 an ounce by the end of the sum-

mer and be at \$400 "within 12 months. But I can't go along with those who suggest \$450 or

Sentiment was also affected by the release of US producer price statistics for May, indicating inflationary pressures in the States were easing.

Mr Roberts pointed out thet

followed volatile trading in New York late on Friday when

lt was driven down by options-

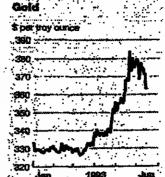
related selling, which triggered

further selling hy investors wanting to cut their losses.

\$362 an ounce was an important technical support point for gold and if this was breached, the next solid support was at

then we are back at square one." He said the greatest danger to a further price rise was that producers might start to sell gold forward again because they were disappointed that the fast upward momentum had not been maintained.

Conditions in the gold market washed over to other precious metals yesterday. Consequently, silver's price closed in London 14 US cents, or nearly 3.5 per cent down, at \$4 a trov ounce, while platinum experi-



enced a drop of \$4.25 an ounce

## Gold destined to remain asset of last resort

The central banks deny their actions will disrupt the market, writes David Blackwell

unlikely to change their basic attitude of considering gold as a reserve asset of last resort, delegates to the Financial Times World Gold Conference were told yester-

Mrs Agnes Van den Berge, head of foreign exchange at the Banque Nationale de Belgique, also ruled out the possibility of the central banks disrupting the gold market hy their

Last year, Belgium sold 202 tonnes of gold, raising BFR61.5bn, (£1.2bn) end lifting its foreign currency reserves by 30 per cent, and also cutting the share of gold in its total reserves to about 50 per cent.

"This level corresponds to the proportion of gold in the total reserves of the principal neighbouring countries, and this change in the composition of the reserves will facilitate the participation of the Bank in the process of European monetary unificatioo," said

Mrs Van deo Berge. Gold accounts for about one quarter of total international reserves compared with 58 per cent in 1980. Holdings, however, have been stable but

time, foreign exchange reserves have increased. Mrs Van den Berge said that in addition to the traditional role as a last resort, gold would he increasingly he used as collateral against borrowing: Because credit and counter party risk is becoming a major concern in financial markets."

she said. Gold was also seen as a means of diversifying reserves. By lending it out in the form of gold instruments, such as swaps, it had become a potential interest-earning asset.

Mrs Van den Berge could not foresee a hig change in official gold holdings: "I do not rule out, however, that the uneven distribution between central banks will become more equal. Furthermore, central banks will manage their stocks more actively in order to earn a return on it.

Dr Ercan Kumcu, vice-governor of the Turkish central bank, said Turkey had no plans to buy or sell from Its reserves, which stand at 126 tonnes, "We think that the present volume of gold reserves is the right size, not more and not less than the amount that should be kept when compared to the total foreign exchange reserves of the country," he said in a

speech to the conference. The increasing uncertainties facing the mining industry in

THE gold market has turned higher in the past two months for good fundamental reasons, Mr Robert Guy, director of N.M. Rothschild, told the conference. Central bank sales were seen as less of a threat and the mining industry was more confident. Investors had been slow to react but they had returned to the

market and appeared unconcerned by the fall in physical demand. The gold price, however, was low enough to attract more demand once hovers were used to the level, said Mr Guy. Mr Brian Marber, an independent technical analyst, said go met all the criteria for a bull market. He suggested it would end only in the event of the afternoon fix on the London bullion market falling below \$339.60 a troy ounce (the level at which it stood when the one-month average started to rise) "in which case a test of the March low at \$326.10 would be likely to

senior vice-president of Lac Minerals, of Canada: "In many ways, the governments in North America have turned their backs on natural resources because of pressure from environmental end land-

use groups," he said. Over the last decade, environmental costs had risen significantly. A recent survey of 10 of the 18 biggest miniog groups in Canada showed that reclamation costs had risen from C\$1m (£500,000) in 1986 to C\$250m in 1991. Prosecutions for environmental offences were also sharply up.

While the industry had increased productivity per-man-shift by 45 per cent since 1989, and cut costs 16 per cent, it was worried by the prospect of continually-changing legislation. In the US, for example, royalty and tax proposals could tbeir dollar value has fallen North America were high-considerably. At the same lighted by Mr Neil Westoll, a mine below acceptable limits. drop the rate of return on a

Sonth Africa, still the biggest gold producer in the world, had benefited from the lower gold prices of recent years by developing a leaner and fitter industry, said Mr Bobby God-sell, president of the South African Ghamber of Mines and an executive director of Anglo

His positive assessment of South Africa's political future was shared hy Mr Richard Menell, finance manager at Anglovaal. But Mr Menell believed it would take several years of stability under any new government, plus high gold prices, to attract the fioance for major new deep goldmines

Development of such a mine involved capital costs of up to US\$1bn, and a lead time of five to 10 years before a positive cash flow emerged, he said. The political risks and the risk of a lower gold price were too

high to attract long-term investors at the moment. South African production

would fall from 620 tonnes to 500 tonnes by the end of the century, he predicted. This level could be maintained for soma years but very few mines had secure lives beyond 2010. Therefore, in order to main tain long-term gold output, new projects must commence opment by the year 2000,"

he said.

Gold production from the Pacific Rim would rise to 470 tonnes by the year 2000 from 400 tonnes last year, said Mr David Tyrwhitt, consulting geologist and a director of Normandy-Anglo-Asian. The main growth would come in Indonesia from 44 tonnes to 78 tonnes and Papua New Guinea, which could reach 120 tonnes if the Lihir project went ahead and Bougainville re-opened. Last year, Papua New Guinea

produced 74 tonnes.

THE FT Gold Mines Index is to be relaunched in an improved form later this year, it was announced yesterday. Whereas the existing index,

started in 1955, is hased on London Stock Exchange dealings in 21 South African gold mine shares, its replacement will include many of the impor-Trade Agreement. tant US, Canadian and Australian groups and will not be restricted to London dealings. It is expected to represent

just over half the western world's gold mine output.

## Reform changes the face of Albania's farming sector

Meat and dairy production has risen at the expense of cereals. writes Kerin Hope

OMPARED WITH what communist titles were considhappened in other parts of Albania, Mr Ahdyl Shehi thinks the privatisation of Pezz collective farm went

"Some people who weren't satisfied with the share-out vandalised the irrigation equipment, and now they try to move in and cultivate other people's land. But we're lucky because there basn't been any violence," he says.

Mr Shehi and his family own a one-hectare (2.47-acre) holding, considerably less than the Albanian average of just under two hectares. But he has better access to a market than other farmers: there is a daily hus to Tirana where his wife sells their produce - potatoes, onions and spinach - in the

More than 90 per cent of agricultural land and livestock has been shared out among workers on collective farms in the two years since Albania offi-cially abandoned Stalinist self-sufficiency.

Land distribution, however, is still under dispute in the mountainous north of the country, where most land is of poor quality. Although preered void under the privatisa. tion law, some villagers have tried to claim back their old holdings by attacking the new owners.

Privatisation has brought a 30 per cent increase in milk and meat production since 1991 as farmers built up flocks of sheep and goats, a form of husbandry neglected in the communist period. Cows owned by the collectives were handed over to individual farmers. But a shortage of feed and high rates of disease have reduced their numbers, according to

The switch to subsistence farming, together with the hreakdown of the state distribution network for seeds and fertiliser, meant, however, that production of cereals dropped by almost 60 per cent in 1991-92.

the agriculture ministry.

Albania has relied on food aid, mostly provided by the European Community, for two successive winters. While wheat production this year is forecast to rise 20 per cent to about 320,000 tonnes, another 300,000 tonnes will still have to be imported.

Large scale production of cereals is unlikely to resume until the land law is reformed. allowing villagers to sell their holdings and create larger farms. Meanwhile, efforts are being made to help improve output hy introducing market mechanisms to Albanian agri-

The US Agency for International Development has backed project to develop a market in fertiliser. A total of 30,000 tonnes of fertiliser, provided by the Intarnational Fertiliser Development Centre, was sold through auction to more than 150 would-be dealers.

More than half the bidders were unemployed agronomists who lost their jobs when the collective farms were privatised. Much of the fertiliser. urea and phosphate for winter wheat and summer crops, was sold direct to farmers with a profit margin for the dealers of

more than 100 per cent. "We've made businessm many of the staff from the collective farms. The fertiliser dealers will be well placed to market other inputs like seeds pesticides and machinery, says Mr Ray Diamond, who headed the IFDC project.

#### US wins round in Canadian hog war

Washington

FOR THE first time in three attempts US pork producers last week won a round in their ongoing fight for tariffs on bogs from Canada, hut they continue to criticise the dispute settlement process established by the US-Canada Free

A binational panel last week upheld dnties imposed on Canadian hogs after the US International Trade Commission found that Canadian subsidies to its hog farmers injured US produc-

The panel found that the subsidies did injure US producers during the period from April 1, 1959 to March 31, 1990. \_Mr Charles Harness, a spokesman for the US National

Pork Producers Council, said he was pleased with the decision, but that his organisation continues to have problems

with the process. "We think [the dispute settlement process] needs some reworking so a panel cannot overrule US law," Mr Harness

In 1989 a panel reversed tariffs imposed on pork products entering the US on the grounds there was not substantial evidence that the imports were causing injury to US pork pro-

In 1992 another binational panel ruled there was not substantial evidence to uphold tariffs on live hogs for a period from 1988 to 1989.

Canadian pork producers sald they will probably not challenge the decision. "While we do not agree with the result we will live with it In this case," said Mr Tom Smith, president of the Canadian Pork Council. Mr Smith said the period

under investigation was a particularly hard one for Canadian pig farmers and therefore they did receive relatively large subsi-

He said the subsidies are much lower and a panel reviewing later periods would be unlikely to find that US pork producers were injured by Canadian subsidies. Generally Canadian produc-

ers are satisfied with the existing dispute settlement process, but the panel had strong criticism for the warring parties. It chastised all involved for failing to comply with their obligation to file the correct

documents promptly.

#### PowerGen and NRG in eastern German mine agreement experts, means that PowerGen Mibrag out to tender the previhas been sold to PowerGen and ous month. The consortium's NRG. The consortium's new

Previous High/Low

666 680 677 670

696 891 716 712

732 729 744

733

762 804

Turnover: 3197 (3539) lots of 10 tonnes

By Judy Dempsey in Berlin

BRITAIN'S PowerGen, and NRG of Minneapolls, the Anglo-American coosortium which has sole negotiating rights until next month for Mibrag, the giant brown coal fields in eastern Germany, has secured a mining partner for the open-cast pits

The agreement, forged last weekend between the consor-tlum and Morrison Knudsen, sole negotiating rights for the mines last January after a deci-son Knudsen will hold a 33 per

and NRG, whose main interests are in utilities, will be in a position to tap the efficiency of the mines.

The mines, which are expected to produce between 15m and 20m tonnes a year, are being sold by the Treuhand, the agency charged with privatising eastern German industry. PowerGen and NRG won purchase of Mibrag is linked to buying a share of a 800 Mw plant at Schkopau, near Leip-

'We really are pleased to have Morrison Knudsen on board. They will optimise the efficiency of Mibrag," said Mr Peter Jones, managing director of NRG'S project development the Idaho-based mining sion by the Treuhand to put cent stake in Mibrag after it

COCOA - Lendou FOX

Close

871

mining partner, bowever, will not take over the daily mining of the pits - which will continue to be carried out by Mibrag employees - but will instead focus primarily on planning end strategy.

PowerGen and NRG are evaluating Mibrag's assets, which range from pits and power genfor producing briquettes. Before 1989, Mibrag employed Mibrag.

that has fallen to below 16,000 after reduced capacity. The mines have already a viable commercial basis because they bave signed coal contracts. spread over forty years, to sup-ply an annual 15m tonnes to Schkopau, and Lippendorf, a large 1,600 Mw power plant.

Yesterday Treuhand officials said they were increasingly

#### Indonesia sets fire to nutmeg stocks

HEATING OIL 42,000 US gails, cents/US gails

INDONESIA IS setting fire to eration to wax works and lines confident that the Anglo- ministry official said yester-Americans would acquire day, reports Reuter from Jak-

Prices supplied by Arnalgameted Metal Trading)

Total daily turnover 39,728 lots

Total daily tumover 2,930 lots

Total daily turnover 5,053 lots

AM Official Kerts close Open Interest

1148-8.5 1173.5-4.0

0 82.95

Oversupply on the world per cent. Indonesian traders hundreds of tonnes of aromatic market had for some years are trying to decide what to do nutmeg in a desperate attempt depressed the value of the with the 5,000 tonnes in stocks to boost world prices, a trade spice, he said. Indonesia prosupply of 12,000 tonnes a year

they hold. Last week exporters and Grenada the remaining 30 (£32.40) to \$600 a tonne.

YEC:

#### **WORLD COMMODITIES PRICES**

LONDON METAL EXCHANGE

Cash 1146.5-7.5 1158-59 3 months 1171-1.5 1182-83

kn, 99.7% purity (\$ per tonne)

#### **MARKET REPORT**

Base metal trading was axtremely slow today at the London Metal Exchanga, and only COPPER swam against the ebb tide of prices. Three months delivery copper moved above \$1,850 a tonne in late trading, and dealers said tha markat looked set to test overhead resistance today. There was speculative aupport below current levels, they said, and short-covering was likely to appear on any dips. The months TIN managed to clamber back above the recent 20-year low of \$5,150 a tonna, which was equalled early in the day, but seemed destined to break lower, as producer resolve

#### **London Markets**

Crude oil (per barrel FOB)(J	나다 .	+ 07
Dubai	\$15.71-5.71	≥ +0.D8
Brent Bland (dated)	\$17.62-7.64	
Brent Blend (Aug)	\$17.93-7.96	
W.T.I (1 pm est)	\$19.34-9.37	z +.018
Of products (NWE prompt delivery per t	onne CIF	+ 01
Premium Gasoline	\$201-203	-1
Gas Of	\$164-165	
Heavy Fuel OF	\$5 <del>8-6</del> 0	-0.5
Nephtha	\$173-175	-0.5
Petroleum Argus Entimates		
Other		+ 01 -
Gold (per tray az)	\$363.95	-7.20
Silvar (per troy oz)#	420.0c	14.0
Platinum (per troy oz)	\$382.50	-4.25
Pelladium (per troy oz)	S126.25	-1.70
Copper (US Producer)	83.50	
Lead (US Producer)	34.63c	+1.13
Tin (Kuala Lumpur market)	13.05r	-0.0B
Tin (New York)	239.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)	143.74p	-1.37
Sheep (live weight)†ф	110.89p	-12.41
Pigs (live weight)†	86.97p	-3.21`
London deliy sugar (raw)	\$287.4	+0.4
London delly sugar (white)	\$285.2	-0.3
Tate and Lyle export price	£300.0	
Barley (English feed)	Unq	
Matze (US No. 3 yellow)	ପରେ 5	
Wheet (US Dark Northern)	€142.0	
Pubber (Jul) P	68.25p	-0.25
Pubber (Aug)♥	58.50p	-0.26
Aubber (KL RSS No 1 Juli)	210.0m	
Coconut of (Philippines)§	\$432.5v	
Palm Of (Mataystan)§	S352.5y	
Copra (Philippines)§	\$279.0	
ioyabeans (US)	£175.0≥	-1.5
Cotton "A" Index	55.35c	-0.18
Yookops (64s Super)	357p	

to limit exports was weakening, dealers said. ALUMINIUM prices also fell back, although support appeared to have been found at \$1,170 a tonna, for the three montha contract. At the London Futures and Options Exchange COCOA futures extended earlier losses during the afternoon session amid disappointed long liquidation after the recent failed attempt at an upside break-out. Robusta GOFFEE futures tested both ends of the current trading band, finishing at the upper end of the

Compiled from Reuters SUGAR - London FOX

-	- London	(9 ber round			
White	Close Previous		High/Low		
Aug	285.00	287.70	257.90 282.50	_	
Oct	280.50	283.50	283.40 278.30		
Dec	281.00	283.70	283.20 279.80		
Mar	284.00	287.00	285.20 282.00		
May	288.50		290.20		
Aug	294.50		296.70		
Aug 155	47 (830) / 4.38 Oct 1	538.37	(FFr per torme):	Tel	
	Lates	Previou		_	
Jul	17,89	17.66	17.73 17.59		
Aug	17.86	17.90	17.96 17.82		
Sep	18.10	18.00	18.12 18.01		
Oct	18.25	18.25	18.25 18.12		
Nov	18.31		18.32 18.28		
Dec	18.42		18.42 18.35		
IPE Index	17.79	18.17			
Turnover	32142 (54	1341)			
QAS CIL	- 1P£		\$/ton	ne	
	Close	Previous	High/Low		
Jul	164,50	164,50	183,70 164,25		
Aug	166.50	168.25	167.25 166.00		
Sep	188.75	168.50	169.00 168.50		
Oct	172.25	172.25	172.75 172.00		
Nov	174.50	174.50	174.75 174.25		
Dec	178.50	176.50	177.00 176.00		
Jen Cob	177.75	177.75	178.00 177.50		

Turnover 11936 (14710) lots of 100 tonnes	_
TEA  Landed demand continued strong and generic report the Tea Brokers' Association. Bright Report the Tea Brokers' Association. Bright Report general strong the strong that the second readily at the firm to dearer rates. Mediums showed irregularity and pleiner sorts were essent with quest Ceytons met good support at firm rates. Or shore improved competition for most of the contenting with brighter Ceyton and Zimbabw tees a good feature. Custotions: questy 155 nom, good medium 155p, medium 105p an low medium 85p. The highest price realize this week was 171p for a Rwanda pf.1.	当り レンド ゴモ 中心

	on FOX		\$1
Close	Previous	High/Low	٠
905	892	904 889	
920	904		
	911	925 908	
fication price	es (US cents	per pound) to	r Ja 10 1
OES - Lo	adon FOX		£λ
Close	Previous	High/Low	
94,10	95.2	95.0 94.0	
101.80	101.8	102.5 102.5	
r 32 (38) i	iote of 20 to	rmes.	
EAL - Le	ndon POX		와
Close	Previous	High/Law	
149.00	149.00	149.00	_
r 0 (175) s	ots of 20 to	rines.	_
it - Lond	es FOX	\$10/Ind	6X.
Close	Previous	High/Low	
1463	1480	1475 1460	
1340	1358	1355 1338	
1340 1325	1358 1350	1335	
1340 1325 1420	1358 1350 1432		
1340 1325	1358 1350	1335	
1340 1325 1420 1963	1358 1350 1432 1563	1335 1420 1415	£Ax
1340 1325 1420 1963 r 97 (385)	1358 1350 1432 1563	1335 1420 1415	£/k
1340 1325 1420 1963 r 97 (335) 5 - Leado	1358 1350 1432 1563	1335 1420 1415 High/Low	
1340 1325 1420 1963 r 97 (385)	1358 1350 1432 1563	1335 1420 1415	0
1340 1325 1420 1963 r 97 (335) 6 - Leade Close 136.50	1358 1350 1432 1963 Prox Previous	1335 1420 1415 High/Low 138.25 136.5	0
1340 1325 1420 1963 r 97 (385) B - Leado Close 136.50 108.70	1358 1350 1432 1983 POX Previous 134,00 106,90	1335 1420 1415 High/Low 138.25 136.5 108.90 108.7	0
1340 1325 1420 1963 r 97 (385) B - Lendo Close 136.50 108.70 111.45	1358 1350 1432 1563 Previous 134,00 108,90 111,90	1335 1420 1415 HighLow 138.25 136.5 138.80 108.7 111.50	0
1340 1325 1426 1493 1963 r 97 (385) 3 - Leado Cose 136,50 111,45 113,80 Close	1958 1350 1432 1963 Previous 134.00 108.90 1114.00 Previous	1335 1420 1415 High/Low 138.25 136.5 108.90 108.7 111.50 113.90 113.7 High/Low 107.80	0
1340 1325 1420 1963 r 97 (335) 5 - Leedo Close 136.50 108.70 111.45 113.80 Close	1958 1350 1432 1963 1963 Previous 134,00 108,90 111,90 114,00 Previous	1335 1420 1415 HighLow 138.25 136.5 106.80 108.7 111.50 113.80 113.7 High/Low	0
1340 1325 1420 1963 r 97 (S35) 8 - Leado Close 136,50 108,70 111,45 113,80 Close 107,85 112,25 C. Wheat 8	1958 1350 1432 1963 Previous 134.00 108.90 1114.00 Previous	1335 1420 1415 HighLow 138.25 136.5 106.80 108.7 111.50 113.80 113.7 High/Low 107.80 110.20	0
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֡֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜	905 920 926 926 926 926 926 1847 (1 Gostor prior delly 53.6 Close 94,10 101.80 r 32 (38)   EAL - Le Close 149.00 r 0 (175)   T' - Lead Close	905 892 920 904 926 911 926 912 927 1847 (1648) lobs of feating prices (LIS cards daily 53.09 (54.03) 1  GES - Loudon POX Close Previous 94.10 95.2 101.90 101.8  132 (38) lots of 20 to EAL - Leaden POX Close Previous 149.00 149.00 10 (175) lots of 20 to	905 892 904 899 926 911 925 908 926 911 925 908 926 912 925 909 927 1847 (1648) lots of 5 termes feator prices (US certs per pound) to delly 53.09 (54.03) 15 day average  OBS - Leadon POX  Close Previous High/Low 94.10 95.2 96.0 94.0 101.90 101.8 102.5 102.5 102.5 102.5 103.9 (38) lots of 20 termes.  IEAL - Leadon POX  Close Previous High/Low 149.00 149.00 10 (175) tots of 20 termes.

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months	268-8.25	269.	5-70	- 26	8/267.5		267-7.5	268.5-0		/a lo
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ermoon fix	363.00		237.332		1		365,8	306.7	366.5	8
y's high y's low	366.40-366 362.25-366					Aug Oct	366.6 368.2	367.5	368.0 369.0	3
					<del>-</del>	Dec	369.7	370.B	371.0	3
	een Gold Le					Feb Apr	371.2 372.8	372.3 373.9	372.5 372.0	3
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ionins	2.44	12 11	un i		1	Aug	378.1	377.3	375.5	3
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t	276.00		422.00		T			Previous	High/Lot	
onthe	279.80 283.85		425.00 428.85			Jul Oct	379.5 378.5	385.1 384.3	386.0 385.0	3
months	291.30		438.35		1	Jac	379.0	385.1	382.0 376.0	3
						Apr	376.0	385.6		3
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	\$ price		£ ectris			Jan	421.2	418.5	0	
gerrand ple leaf	368.5-36 374.65-3		239.00	-241.00	,	Jul	421.8	419.3	422.0	4
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uminium (9	9.7%)	Cells		Puts		May Jul	497.2	435.1 438.2	436.0	43
ike price S		Oct	Aug	Oct	' :	Sap	448.8	441.8	441.0	4
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pper (Grad	e A)	Çelis		Puta		lun kui	82,60 88,70	82.50 82.70	82.50 83.15	82
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0 0	68 47	95 73	59 98	93 120	č	Sep	83.60 83.10	83.05 83.15	83.45	0
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	13	37	1	1		V	18.98	18.98	12.53	10
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nt Crucie			38	48	— J	an .	19.92	19.88	19.92	19
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ent Grude 50 50	26 10 3	81 42	77			far	19.92	18.63	0	0

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	52.80	53.01	53.00	52.60
Aug	53,40	53.72	63.66	53.35
Sep	54.50 55.65	54.80 55.83	54.70	54.40 55.55
Oct Nov	55.75	56.83	55.75 56.80	56.55
Dec	57.00	57.81	57.90	57.50
Jan	58.35	58.39	58.40	58.15
Føb	58.35	56.24	58.35	58.15
Mar	57.15	57.24	57.25	57.10
φ.	58.25	56.04	58.25	56.00
200		nes;\$/tonne		
	Close	Previous	High/Lo	*
ep	850 885	848 881	896 890	848 882
ec.	925	920	928	922
Aur	967	963	968	964
lay	991	987	982	982
4	1013	1009	1018	1018
þ	1035 1068	1032 1063	1033	1033 0
	1103	1098	1103	1098
Ŋ	1110	0	0	0
FF	EE C 37	,500lbs; cer	sta/fbs	
	Close	Previous	High/Lov	v .
Τ	58.70	57.15	68.95	57.00
P P	60.55	58.15	80.70	68.90
×	63.45	61.90	63.50	61.70
ar Sy	65.95 67.40	64.50	65.95 0	64.40
9	58.15	87.90	0	Ö
,	70.00	89.60	ŏ	ŏ
_	R WORLD	*11* 112,0	00 lbs, cent	ta/ibs
	Close	Previous	High/Low	
	10.90	11,06	11.03	10.68
1	11.19	11.31	11.38	11.07
_	10.93 10.82	11.01	11.07	10.81
•	10.68	10.67 10.73	10.83 10.80	10.50 10.58
	10.58	10.58	0	0
7	ON 50,000	cents/los		
	Close	Previous	Hgtvl.ow	
_	50.40	58.47	59,50	58.65
	59.12		58.78	66.15
	58.55	68.10		
	58.55 88.17	57.92	58.35	57.90
	58.55 88.17 59.25		58.35 59.31	57.90 58.97
	58.55 88.17 59.25 59.86 60.40	57.92 58.97 59.70 60.22	58.35 59.31 59.99 60.40	57.90 58.97 68.80 60.40
	58.55 88.17 59.25 59.88 60.40 60.18	57.82 58.97 58.70 60.22 58.90	58.36 59.31 59.99 60.40 0	57.90 58.97 69.80
,	58.55 88.17 59.25 59.86 60.40 60.18 GE JURCE	57.92 58.97 59.70 60.22 58.90	58.35 59.31 59.99 60.40 0	57.90 58.97 68.80 60.40
	58,55 88,17 59,25 59,88 60,40 60,18 Close	57.92 58.97 59.70 60.22 58.90 15,000 lbs;	58.36 59.31 59.99 60.40 0 cents/lbs	57,90 58,97 58,80 60,40 0
AN	58.55 88.17 59.25 59.86 60.40 90.18 GE JUICE Close	57.82 58.97 59.70 60.22 59.90 15,000 lbs; Previous	58.35 59.31 59.99 60.40 0 cents/bs High/Low	57.90 58.97 59.80 60.40 0
AN	58,55 88,17 59,25 59,88 60,40 60,18 Close	57.92 58.97 59.70 60.22 58.90 15,000 lbs; Previous 106.00 109.00	58.35 59.31 59.99 60.40 0 cents/bs High/Low 105.85 106.80	57.90 58.97 69.80 60.40 0
W	58.55 88.17 59.25 59.86 60.40 60.18 GE JURCE Close 104.55 107.75 110.60 112.40	57.92 58.97 59.70 60.22 58.90 15,000 lbs; Previous 108.00 111.90 113.10	58.35 59.31 59.99 60.40 0 cents/bs High/Low	57.90 58.97 59.80 60.40 0
AN	58.55 88.17 59.25 59.26 60.40 60.18 Close 104.56 107.75 110.80 112.40 114.00	57.92 58.97 58.70 60.22 58.90 15,000 lbs; Previous 108.00 109.00 111.90 113.10 114.60	58.35 59.31 59.99 60.40 0 cents/bs High/Low 105.85 108.80 111.70 113.00 114.00	57.90 58.97 58.80 60.40 0 104.50 107.90 110.80 112.20 113.00
W	58.55 88.17 59.25 59.86 60.40 60.18 GE JURCE Close 104.55 107.75 110.60 112.40	57.92 58.97 59.70 60.22 58.90 15,000 lbs; Previous 108.00 111.90 113.10	58.35 59.31 59.99 60.40 0 cents/bs High/Low 105.85 106.80 111.70 113.00	57.90 58.97 58.80 60.40 0 104.50 107.90 110.60 112.20
	58.55 58.17 59.25 59.88 60.40 90.18 OE JURCE 104.56 107.75 110.80 112.40 116.00	57.92 58.97 59.70 60.22 58.90 15,000 lbs; Previous 108.00 111.90 113.10 114.60 115.60	58.35 59.31 59.99 60.40 0 cents/bs High/Low 105.85 108.80 111.70 113.00 114.00	57.90 58.97 58.80 60.40 0 104.50 107.90 110.80 112.20 113.00
	58.55 58.17 58.25 58.86 60.40 60.18 Close 104.55 110.60 112.40 114.00 115.00	57.92 58.97 69.70 60.22 58.90 15,000 lbs; - Previous 106.00 111.90 113.10 114.60 115.60	58.35 59.31 59.99 60.40 0 cents/bs High/Low 105.85 106.80 111.70 113.00 0 115.00	57.90 58.97 59.80 60.40 0 104.50 107.90 110.80 112.20 0 115.00
<b>N</b>	58.55 58.25 59.25 59.86 60.40 60.18 GE JURCE 104.55 107.75 110.60 114.00 114.00 115.00 115.00	57.92 58.97 58.70 60.22 58.90 15,000 lbs; Previous 106.00 109.00 111.90 114.60 115.60 115.60 115.60	58.36 59.31 59.99 60.40 0 0 0ents/bs 19t/Low 105.85 106.80 111.70 114.00 0	57.90 58.97 69.80 60.40 0 107.90 110.80 112.20 113.00 0
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	58.55 58.25 59.25 59.26 60.40 60.18 0E JURCE Come 104.56 107.75 110.60 115.00 115.00 115.00 115.00 115.00 115.00	57.92 58.97 69.22 58.90 15,000 lbs: 106.00 109.00 111.90 113.10 116.60 115.60 115.60	58.35 59.31 59.39 60.40 0 cents/bs High-Low 105.65 106.60 111.70 113.00 0 115.00 0	57.90 58.90 60.40 0 107.90 110.80 112.20 113.00 0 0
	58.55 58.17 59.25 59.26 59.26 60.18 00.18 0E JURCE 104.55 107.75 114.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00	57.92 58.97 80.22 58.90 15,000 lbs: - Previous 106.00 103.00 111.90 113.10 114.60 115.60 115.60 115.60 - 	58.35 59.31 59.39 80.40 0 0 0exts/bs High/Low 111.70 113.00 0 114.00 0 0 0 0	57.90 58.97 59.80 60.40 0 104.50 107.90 110.80 112.20 0 113.00 0 0
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	58.55 58.25 58.26 59.26 59.26 60.18 GE JURCE 104.55 107.75 114.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00 115.00	57.92 58.97 80.22 58.90 15,000 lbs: - Previous 106.00 103.00 111.90 113.10 114.60 115.60 115.60 115.60 - 	58.35 59.31 59.39 80.40 0 0 0exts/bs High/Low 111.70 113.00 0 114.00 0 0 0 0	57.90 58.97 59.80 60.40 0 104.50 107.90 110.80 112.20 0 113.00 0 0

901		,000 bu mbg		pushel
	Close	Provious	High/Lo	w
Jul	584/4	588/6	589/0	584/0
Aug		586/4	586/0	581/4
Sep	660/6 581/0	583/4 583/4	583/4 584/2	580/2 580/4
Jan		588/4	591/0	586/4
Mar		596/0	597/4	594/4
May		600/0	599/4	590/4
34	599/0	601/6	602/0	598/4
SOY		. 60,000 lbs;		
	Close	Previous		
Jul Aug	20.45 20.68	20.45 20.58	20.55 20.68	20.38
Sup	20.69	20.72	20.60	20.64
Oct	20.81	20.85	20.91	20.78
Dec Jan	21.04 21.15	21.07 21.18	21.13 · 21.24	21.00
Mar	21.15	21.18	21.45	21.11
Miley	21.53	21.60	21.90	21.50
90Y	ABEAN ME	AL 100 tone;	\$/lon	
	Close	Previous	High/Lov	,
Jul	185.4	157.5	187.4	186,2
Aug Sep	185.7 185.3	188.6	186.6	185.5
Oct	185.1	186.2 186.9	186.0 185.7	185.0 185.1
Dec	185.8	186.3	185.3	185.5
Jan Mar	185.7	188.4	188.2	185.8
May	186.0 197.2	183.9	158.5 187.2	186.0
		min; cants/5		1003
	Close	Previous	High/Low	
Jul	214/4	215/0	216/2	213/8
Sep	220/0	220/2	221/4 .	218/4
Dec	227/0	226/6	228/4	225/2
May	234/6	234/2	236/0	232/6
Jul	243/2	242/4	241/0 244/0	238/4
Sep	241/0	240/4	0	0
Dec	240/2	239/4	241/0	235/6
	Ciose	min; cents/6		
Jul	285/6	263/6	High/Low 288/4	282/6
Sep	289/4	285/4	290/4	285/0
Dec	. 300/0	300/0	301/4	290/0
May	305/0 304/4	306/2 304/4	306/4	304/0
Ju	304/2	304/4	305/4 305/0	304/4
UVE (		000 the; can	ts/ibs	
	Close	Previous	High/Low	
Jun Aug	77,000 76,600	77.925	78.100	77,880
Oct	75.700	75.950 76.900	76.000 75.950	75.400 75.560
Dec	76.575	75.925	75.000	75.500
Feb Apr	75.225 76.360	75.375	75.80C	75.200
Jun	73.400	76.500 73.625	76.600 73.800	76.260 73.350
LIVE	10G8 40,00	0 lb; cents/ti	13	
	Close	Previous	High/Low	
Jun Jul	51,225 48,550	50,500 47,975	61.750	50.700
Aug	48.270	.46.150	48,975 46,850	48.000 46.125
Oct Dea	40.800 41.125	40.826	41.450	40.725
Feb	41.050	41.225 41.000	41.800 41.700	41,000
Apr	40.200	40.500	40.750	40.200
kin PODK	45.900	46.800	46.200	45.800
- CHIK	Closo	0,000 lbs; cs		
w	34.250	Previous 33.950	High/Low 35.250	
Aug	33.500	33.500	35.250 34.550	33.925 33.275
Feb War	39.625	39.625	40.000	39.475
	39.025	39.050 40.700	39.560 0	39.025
May kel	40.700			0

THE UK SERIES

FT-A ALL-SHARE

1424.50 +9.73

## Futures drive equities to testing point

By Terry Byland, UK Stock Market Editor

NERVES WERE drawn as tight as piano wires on the UK equity trading desks yesterday as the London market tested the higher end of its trading range amid heavy arbitrage dealings hetween blue chip equities and stock index futures. The FT-SE 100 Index closed at 2,885.5, a gain of 23.7 points bringing it to the very peak of existing investment confidence, and leaving the market poised on the edge of

UK stocks were also responding to renewed optimism on interest rates ahead of tonight's important Mansion House speech in the City of London by Mr Kenneth Clarke, the UK chancellor of the exchequer. A cut in rates in France, hard on the heels of the similar move in Italy on Friday, raised hopes in London that the new chancellor might saize the opportunity to reduce UK base rates soon, if not tonight.

Strategists also pointed out that the wider political backcloth might have become more favourable for equities, in spite of the uncertainties overhanging the position of Mr John Major, the UK prime minister. Political commentators in the UK press have suggested that the government, and the new chancellor, are focusing on cuts in public expenditure and

that increases in taxation are stride, Seaq volume was still strongly than the Footsie yes-regarded as less likely. strongly than the Footsie yes-under 90m shares at 10.00am. strongly than the Footsie yes-

But traders warned that much of yesterday's business in equities was driven by arbitrage activity spurred by the expiry this Friday of both the FT-SE 100 June future contract and also the range of stock index options.

Trading volume in equities was slow to develop until the futures markets got into their Index, although driven less

By the close the total had reached 500.1m shares, against 528.9m on Friday when retail, or customer, business was

Worth £1.17bn. At best, the Footsie reached 2,891.6 yesterday, only about 2.2 per cent below the peak attained at the beginning of March. The FT-SE Mid 250

TRADING VOLUME IN MAJOR STOCKS

Caution was expressed by several market strategists, who pointed to this week's heavy list of UK economic data. While there was little immediate response to the news yesterday that factory gate output prices had risen by an annualised 4 per cent in May, London markets still have to face the

latest data on UK industrial production, today, and retail sales, wages, unemployment money supply and the retail price index, all due this week. Further doubt over yesterday's upsurge in share prices was cast by clear signs that the marketmakers had been "caught all the wrong way", as one dealer expressed it. They were trying to sell the June stock index future and buy the

nately, all their rivals wanted to do the same to them. Amid this confusion, it was hardly surprising that many analysts continued to warn against the high valuations now showing in the UK equity market, in tandem with a somewhat unimpressiva round of company results in the past

underlying equities from one

another just when, unfortu-

fortnight. While the stock market may hang fire today as it walts for the chancellor to address the City dignitaries, the Footsie is likely to be tested strongly when equities open on

	t Deeling	Detes
Jun 7	Jun 21	Jul 5
for Declaration 17	Jul 1	16 فال
Dealinge:	Ju 2	10
unt Day: Jun 28	Ju 12	Jul 28

## Zeneca pressures continue

hog war

N. 1992 68

75

WORRIES over the £1.3bn rights issue continued to overshadow the two classes of Zeneca stock, in spite of highly encouraging news that one of the group's key new drugs, Zestril, had been approved for distribution in the US by that country's Food and Drug Administration.

Zestril is used in the treatment of congestive heart failure. Zeneca "old" shares managed a minor improvement at 617p after relatively high turnover of 4.2m, while the "new" nil-paid stock settled a penny easier at 17p. There were suggestions in the market that moves to relax US rules on trading in Zeneca shares hy marketmakers involved in the

cessful. Markatmakers at firms involved in the issue are at present precluded from an active" trading role in Zeneca shares if the stock price falls to within 10 per cent of the "rights" price in the five days

prior to the close of the offer. ICI surged ahead 16 to close at a record post-Zeneca demerger high of 707p. Turnover was a hefty 5.6m shares and said to have been hoosted by keen local and US buying interest.

#### Shell in demand

Another slide in international crude oil prices, down more than \$1 a barrel to around \$17.60 since last week's Opec meeting in Geneva,

#### **NEW HIGHS AND LOWS FOR 1993**

NEW HIGHS (1883).
BRITISH PURDS (1) Treas. 7%pc '05, BANGS (14) Assri. Br. Scot., Dal Ichi, Full, Lloyda, Mitaubishi. Ottomen, Salara, Sarwa, Sarwhono, 158, Tolesi, Toyo, Yasuda, BREWERS (1) Hyrisend, BLDS MATLS (3) Epule, Heystoot Wilsers, Menders, BUSSHESS SISTA'S (5) Br. Data Mrgastd, Contec, Corporato Serva. CONTTS & CONSTS AC CONSTS (4) Beales Hurter, Bulgia, Burnfeld, Chichley, Coded Instra. BLECTRICALS (5) Beales Hurter, Bulgia, Burnfeld, Chichley, Coded Instra. BLECTRICALS (7) Corbot Fachs. Enseprise Corposite, Famel, CCC, NISTEA, Logica, Macro 4, ENG GER (1) Corbot Fachs. Enseprise Corposite, Famel, GCC, NISTEA, Logica, Macro 4, ENG GER (1) Corbot Fachs. Service, Tidono, FoCO MANUF, (1) Carlo Matter, POCO HETAMM (5) M 3 W, Park, HOTELS & LEBS (2) Forts, Kunick Shape Pt., Misswa, Flack Org. Slype The Surge of Hotel Tidono, Bocket BROMERS (2) Lloyd Thospeon, Sedjenkir, INSCE COMPOSITE Kunick Bilgo Pe, Mahwa, Hawi Krij, Sept.

P., Sunleigh, BBICC ERRONETES (2) Lloyd
Thorspoon, Sedgreick, BRSCE COMPOSITI
(1) Missel, Mr TRUETIS (2) MEDIAA (8) Aegla.
Angla TV, Fleshoot, Heynes, Useler TV,
Watmoughs, Methods Hawing, Selecting (1) Songer
& Friedlander, MTL. & MTL. FORMING (1) Songer
& Friedlander, MTL. & MTL. FORMING
& Control Motor Auctions, Conde, Eventy
Flatimus, Henrye, Las. Motor Woold, Penry,
Sandamson Marray, Volksanger, CR. & GAB
(1) Partice, OTHER FRICL (10) Cater Allen,
ETI, Schriburgh Fd. Marsagers, CR. & GAB
O Songer Coll., Misselfall, Provideral FinciShiftin New Court, St. James's Piaco Cap., Timo,
OTHER ROUSE, SQ Elsen, McKechnis, Virten,
PACSO, PAPER & PRENTIG (2) Britison, Flories,
Court, St. Songer S. Regional, Caleptorn,
Hamingwey, Tope Esse, Warnford, STORES

REMES (3) Cons. Murchison, Nevers, Do Spo Cy,
Misself Call.

CY, NEW LOWS (18).
SPRITIEN FUNEDS SS EACH, 1576pc '94, Trees.
14/6pc '94, CONCELCAMERATES' (1) EIDIN,
CONTES & CONSTRICTO (9 EID & E. MOLANGINI
A Hervay, SLECTRICALS (1) Electrolut.
BLECTRICALS (1) FLOR Systems, EIMS (658)
(5) PCT, POOD RETACLING (1) Low, HEALTH
& HEENOLD (5) London Inst., Nove Nordes,
LINCHAMS, MESCE SPROKERS (7) March &
MILLERING, HEDIA (7) Alled Racio Spc CV.
71. OTHER FRINCL (1) Cambridge, PAGES,
PAPER & PRINTIC (2) Microgen, St Nos,
TRANSPORT (1) BAA.

#### brought renewed pressure on tha oils sector, with the excep-

Seed on the trading volume for a election of Alpha a rounded down. It indicates an FT-SE 100 index counts

P & COL LT.

tion of Shell Transport. Marginally easier during early trading. Shell rallied strongly during the afternoon as the company gave what one oil sector analyst described as "a powerful and impressive" presentation to London investment specialists.

Shell delivered a similar message during the past two weeks to a number of high-powered European and US institutions, which saw the share price race up to a record 630p.

The group was said to have emphasised again Its determination to carry through a poltcy of cost-cutting and portfolio rationalisation. "The company is seen as adopting a ruthless attitude to all its divisions; perform or be prepared to be slimmed down, sold off or chopped," said an analyst who attended the meeting.

At the close Shell stood 5 higher at 625p after 2.4m turnhit by the slide in crude prices. British Petroleum declined 4 to 310p, apparently affected by profit-taking from the US, where some of the income funds that bought the shares aggressively last year were said to be "top-slicing". Turn-over in BP was a hefty 9.3m.

The two leading UK oil exploration and production stocks also encountered selling. Enterprise Oil lost 2 to 474p and Lasmo, turfed out of the FT-SE 100 index last week, eased further to 160p.

#### **BET** active

Turnover in business services group BET rose to a hefty 13m, its highest daily total for more than six months after the board confirmed market expectations of a cut in the final. dividend

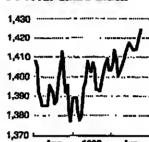
Total dividend for the year to March 1993 is to be 3.25p, compared with 6.5p last year. Losses were sharply reduced to 59.8m, against £448.4m.

With the dividend cut already discounted hy many in the markat the shares, after dipping to 103p, rose to end a net 3 ahead at 111p, assisted by the strong market trend and a robust presentation. Analysts, however, remain sceptical about prospects for profits growth this year and one said: The jury is still out on this one even though the manage ment has done all tha right things to restructure the com-

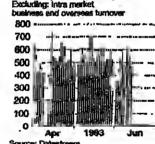
Modest, if unremarkable, confidence surrounded most food companias. Cadbury-Schweppes enjoyed the added filip of favourable weekend press comment to move up 6 to 465p, baving fallen back from a high of 469p in a volume of 2.9m. Unilever put on 13 to close at 1044p and Dalgety added 7 to reach 450p. United Biscuits increased its price by 1 to 389p while Kwik Save slid the opposite way to lose 4 at

736p after a sell note. The official launch in the US of its anti-inflammatory asthma drug Tilade triggered a surge of exceptionally heavy

#### FT-A All-Share index



**Equity Shares Traded** 



work on another asthma drug,

Fisons' stock price touched 163p early in the session before slipping hack to finish 6% higher on balance at 161%p.

Beecham, the Anglo-American pharmaceuticals group. Smit-Kline "A" moved up 61/2 to 436p

#### trend, in Kingfisher shares from 590p to 586p. Kingfisher, which owns the B&Q chain. was pitted against an aggres-

weekend. Analysts also fear for the long term health of DIY - especially after Ladbroke Group yesterday told its shareholders that Texas's performance had disappointed in recent weeks. "The underlying trend is

> The combination of tough pricing and fears for overall DIY strength is a potent one for Kingfisher, which is estimated to derive 35 per cent of its profits from DIY. Another analyst said the dip was also partly attributable to a general

Elsewhere in companies with a DIY interest, W.H. Smith "A" slipped 4 to 439p and Boots, which shares the Do-It-All venture with Smiths, gave up 2 to close at 435p. But J.Sainsbury, market's fortunes and push up

Hefty switching out of Barclays and into NatWest saw the latter up 7 at 475p but the

keen buying of Commercial

first of the regional electricity companies to report prelimi-nary results, set a high standard by lifting the dividend by 14 per cent. The shares moved up 6 to 456p. Specialists said the "recs" offered much less regulatory risk than other util-

#### FINANCIAL TIMES EQUITY INDICES

	June 14	Jane 11	Jame 10	Jane 0	June 8	900	. Hiệt	" Low
Ordinary share Ord, div. yield Easning yid % fail PyE ratio net PyE ratio nil	2262.8 4.16 4.93 25.92 23.95	2244.0 4.12 4.83 26.55 24.51 179.8	2236.5 4.13 4.84 26.47 24.43 176.8	2240.5 4.13 5.25 24.01 22.40 175.9	2224.5 4.16 5.29 23.85 22.24 184.3	2028.4 4.57 6.70 16.70 17.35 104.3	2298.5 4.52 6.38 28.55 24.51 202.7	2124.7 4.97 4.83 19.40 18.14 60.0
Gold Mines  Tor 1983. Ordinary: Gold Mines Index & Basis Ordinary share	1/7/36; (	s since co lation tigs Sold Mines	734.7 15	high 2289	L5 10/3/93	- Igw 49.		

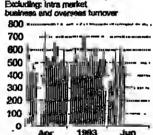
2258.4 2264.0 2267.1 2262.3 2261.4 2267.3 2244.5 23,297 25,481 1173,4 29,736 481,8 25,043 1484.4 32,414 613.4 21,291 681.2 26,870 26,618 1353.8 30,945 558.7 11743 23,614 305.3

2015年10日,1915年11日,19



1983

Turnover by volume (volume) Excluding: Intra merket business and overseas turnover



Turnover of 11m was the heaviest single-day's business in the stock since early-April when the Fisons share price tumbled almost 13 per cent after the company can-celled further development

Tipredane.

As well as the buying prompted by Tilade's US launch, dealers said there remained a strong undercurrent of takeover speculation surrounding Fisons, which last week dropped out of the presti-gious FT-SE 100 Index. Prominent among a number of big names said to be monitoring Fisons' progress is SmithKline

on good turnover of 1.9m. BT shares gave a positive response to news of the pricing of the first and second instalments of the BT3 issue along with details of investor incentives. The shares forged ahead 10% to 423%p on turnover of 5.9m as the hardcore marketing of the issue to international and domestic investors

got under way.

Fall-out from the DIY price battle was blamed for the declina, against the day's

Texas Homecara over the

pretty weak," said one stores

slide in consumer spending.

one to 486p.

former 2 easier at 465p.

A Kleinwort Benson huy recommendation triggered

Union, I1 up ast 597p. East Midland Electricity, the

North West Water shot up 16 to 468p as marketmakers scrambed to cover short positions and to accommodate special cum scrip dividend buying. After a day of light trading, property companies fell victim to last-minnte nerves in the final hour or so of the market. British Land fell back 9 to finish the day at 311p; MEPC lost

3 to 422p. British Gas shrugged off worries about the recent weakness in oil prices and moved up 4% to 297p following a buy recommendation issued by Kleinwort Benson Securities. Turnover in Gas reached 4.7m

Kleinwort's oil and gas team said fears over the forthcoming

	June 14	June 11	Jame 10	Jane 0	June 8	ago Aem	- High	- Low
Ordinary share	2262.5	2244.0	2236.5	2240.5	2224.5	2026.4	2298.5	2124.7
Ord, div. yield	4.16	4.12	4.13	4.13	4.16	4.57	4.52	4.97
Earning yid % fall	4.93	4.83	4.84	5.25	5.29	6.70	6.38	4.83
P/E ratio net	25.92	26.55	26.47	24.0T	23.85	16,70	26,55	19.40
P/E ratio nil	23.95	24.51	24.43	22,40	22.24	17.35	24.51	1B.14
Gold Miless	170.3	179.6	176.6	175.9	184.3	104.3	202.7	60.0
for 1983. Ordinary Gold Minus Index & Basis Ordinary shan	nce <i>c</i> omb	batton niat	r 734.7 15	high 2299 /2/83- ion	L5 10/3/83 43.5 <b>26</b> /	- Igw 49 10/71	A 25/5/40	

9.00 10.00 11.00 12.00 13.00 14.00 15.00 18.00 Figh Low 2244.8 2253.4 2257.0 2259.1 Equity Temorer(Ent)† Equity Despains† Shares traded (mil)†

Landon report and latest Stare Index Tel. 0891 123001. Calls charged at 36philinda chesp rate. 48p at all other times.

#### **EQUITY FUTURES AND OPTIONS TRADING**

A TECHNICAL squeeze in Footsie futures sent the June contract sharply ahead, hreaking out of its recent trading range ahead of its expiry on Friday, writes Joel Kibazo.

Futures opened in a subdued mood but gathered momentum from early buying, amid talk of a possible reduction in British base rates to follow a similar move in France.

Although it had little in the way of firm offers, June was soon squeezed forward, pulling the underlying cash mar-

ket higher. Producer price index figures (PPI) in line with forecasts only served to increase demand and the contract

broke through 2,960. The day's high of 2,904 was reached just after 2pm, with sentiment boosted by a firm UK gilts sector.

Dealers said there had been some arbitraging between the cash and futures markets and there was also a significant amount of rolling forward into the September contract, which takes over as the forward contract on Monday. A strong premium to cash was mainained throughout the session.

Pollowing a bout of profit-taking, June finished at 2,895, a 10-point premium to cash. Volume in the contract was 11,964 lots, while just over 5,000 were dealt in the Septemher contract.

In contrast, the traded options remained dull, with a total of 24,215 lots dealt, compared with Friday's 26,314

#### Monopolies & Mergers Commission report "are already discounted," pointing to the yield relative which is close to

"Unregulated npstream which, on a 6 per cent-plus yield, are attractive." Klein-

Bass moved up 21 to reach 488p while Allied Lyons went ahead 15 to close at 545p, both in moderate trading. After falling back slightly towards the end of trading Grand Metropolitan put on 7 at 418p in a vol-

Steve Thompson, Joel Kibazo.

Christine Buckley ■ Other statistics, Page 24

a five year high. assets are set to provide significant growth leading to a progressive re-rating of the shares

wort said.

ume of 2.4m. MARKET REPORTERS:

#### 2861.8 3302.9 1428.6 FT-SE-M 269 FT-SE-A 269 3213.2 1438.8 3213.4 6.53 6.09 19.39 41.69 20.51 32.84 +0.7 1429.4 1431.6 1278.0 3.92 3.45 FT-SE SmallCap FT-SE SmallCap ax Inv Trusts 1635.78 1634.14 +0.2 +0.7 1642.40 1643.77 1643.26 3.66 3.89 1 CAPITAL 60009(213) 2 Building Meteriate(27) 3 Contracting, Construct 1095.49 961.32 1087.85 984.28 1081,68 973,89 1103.83 975.50 2967.73 2559.73 25.97 2751.56 423.61 558.46 432.07 2812.33 424.87 572.33 419.51 -1.2 +0.5 589.41 542.61 Metals & Metal Form 425.97 415.73 +0.6 Maioraj 18) 410.98 411.33 363,98 30.73 18 Other Industrials(18) 2008.52 2067.74 2068.57 1807.78 1634.99 1880.29 21 COMMUNICA GROUP(235 1678,40 Brewers and Dist 1873.70 1877.69 2195.93 1305.38 3003.97 1296.15 3043.42 1296.83 3050.74 3012.26 3455.59 2900.25 3429.70 1325.94 3398.10 1328.25 3999.94 1324.66 Hashin & Household(3) 3433.10 1323.47 1976.50 855.35 1982.35 862.64 1982.25 850.83 1145.17 850.69 015.45 1146.02 788.56 1145.11 1149.93 9.59 6.06 725.11 791.94 698.75 20.7B 40 OTHER GROUPS(140) +1.1 1479.77 1480.76 1488.50 1284.07 1583.20 1549.41 1505.05 1432.68 1516.28 1553.15 1418,44 1412.52 1413.06 1427.25 2940.03 1768.68 2955.97 2935.21 2984.35 2543,14 42.52 45 Electricity(16) +0.8 1751.05 1766.16 1311.78 31.13 46 Telephone Nets 47 Water(13) 1775.76 1742.33 1742.83 1740.95 1419.62 3167.14 2254.47 3184.61 2251.58 2733.37 2280.14 2268.12 2063.71 49 REDUSTRUL GROUPS 1450.12 1439.24 +0.7 1439.71 1442.98 1950 23 2512.40 **251S 12** 2518.16 2516.78 2138.78 4.35 4B.01 59 "600" SRARE MINEY 1544.24 +0.7 1533.99 1533.93 1537.30 18.86 1423.89 1.90 1049,67 81 FINANCIAL GROUP(89) 1040.85 +0.8 1041.32 1043.02 40.84 754.23 20.91 1450,99 1435.06 +0.5 1438.99 1431.87 051.78 3.72 12.26 1989.84 846.49 824.54 Insurance (Lite)(6) 2013.34 2008.15 1535.51 25.33 47.48 68 Inquiance (Composite)(7 654,90 +1.8 644.60 654.38 547,08 97 Insurance Brokers(10) 05 Merchant Banks(8) +1.1 848.76 015.25 902 B5 872.88 899.37 672.14 610.37 499.07 683.63 17.22 26.86 675.81 3.32 4.57 16.71 70 Other Financial(23) 377.13 376.14 371.59 389.44 +0.5 71 lovestment Trustst108 1513.60 1504.00 1504.69 217 2.71 1502.40 1190.29 1B.51 90 FT-A ALL-SHARETBOX 1424.50 1414.77 1414 64 1417.63 1263.20 3.69 22.44

FT-SE MID 250

3213.2 +10.3

Actuaries Share Indices

FT-SE

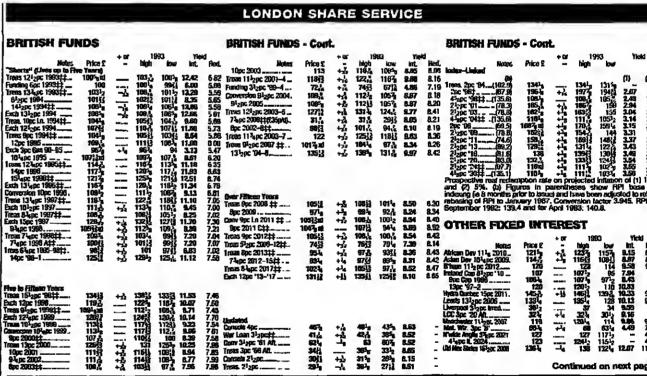
FT-SE 100

FT-SE 100

2885.5 +23.7

Hourly	<b>BJOAG</b>	ment	\$									
		Ореп	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100		2883.1	2873.4	2879.7	2682.5	2882.3	2888.1	2891.5	2885.6	2885.0	2691.8	2863.0
FT-SE MIN 25	10 2	206.4	3209.0	3209.9	3211.7	3212.0	3215.1	3215.6	3213.9	3213.8	3215.6	3205.9
FT-SE-A 360	1	429.4	1433.7	1436.2	1437.5	1437.4	1440.0	1441.3	1438.9	1438.7	1441.4	1429.4
Time of FT-SE												
FT-SE	Letua	ries 3	50 In	dustry	Baske	rts					Previous	
Housely	Open	9.00	18.60	11,00	12.00	T3.00	14.00	15.00	16.10	Class	cluse	change
Constron	1890.8	1861.8	1861.8	1861.8	1861.8	1860.2	1890 4	1859.4	1853 5	1851 R	1962 7	-100

1033.6 1318,1 1762.2 13151 1319.2



#### CROSSWORD

No.8,176 Set by QUARK

ACROSS
1 Energy half wasted in the city lower down? (7) Sulphur immersed in acid? One keeps out of the way! ers referring to numbers (9) 3 Bell encountered in Lon-

(7) ne shun methods not fulfilled (5)

10 Does he keep you (say) in good shape? (9)

11 Get lost taking in unusual glen in an odd way (9)
12 Irregular river leading to

the Kent area (5)
13 One in the road surpassed in speed (5)
15, 18, 19 Participating in neat manoeuvres, facing danger boldly (6,3,4,2,3,5)

Gold's about to fade. A word on parting? (5)
Depressed emir's to change, Depressed emir's to coauge, having the necessary power 25 Removing the gaps it becomes a motorway junc-

tion (9) 26 It's fairly wet getting round in the fog (5)
27 Tha highest achievement is always established (7) 28 Lena's excited about silver

1 Brother taking in university is a tough person (7) 2 Two men following the min

don? (5) 4 Nomadic African, tho' roaming, to put in tempo-rary accommodation (9) 5 Put in request to put to practical use (5) 6 Bird island covered with

rubbish (9)
7 The fabric of work round the west (5)

g Stone cast indiscriminately at detective (4-3)

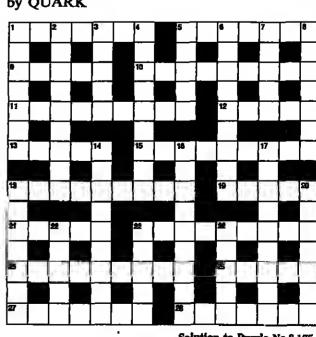
14 Rake a plot over with universal acclaim (mostly) (9)

18 Holds drawar of money order not to make a move

(4.5) 17 An article about the thief without hesitation is pulsating (9)

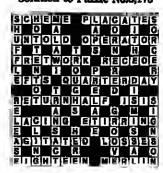
18 Money that's required to join the club (7)
20 Peter's upset about a hundred royal staff (7)
22 Illegal broadcaster lacking power is furious (5)

23 Choral composition assembled around part of bible (5) 24 One of the Roman figures he's about to add up (5)



Solution to Puzzle No.8,175

Continued on next page



**JOTTER PAD** 

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The state of the s

**LONDON SHARE SERVICE AMERICANS** +0" 93 M64 low CapOm 4<sup>2</sup>/<sub>2</sub> 4.66 4<sup>1</sup>/<sub>4</sub> 7.55 37) 329.8 147 363.5 107 594.6 + 0r ---3 184 (2020) 21.8 230.3 3.06 12.7 0.75 337.3 1,564 | Capen | Cape Price 9 6½ 425 162 178 12 8<sup>1</sup>2 487 205 193 Xgh 225 227 23 44 36 120 961 P/E
20.1 Ferring/cell
15.5 First Leisens
16.2 Ferring
Frienchy Flotzis
— Horiz Sports
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— Stage Cr FF
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— Stage Cr FF
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— 16.6 Aktae Urst
— 10.8 Aktaechin Delent Price 195 225 29 43<sup>1</sup>2 29 118 630 180 180 168 25 11<sup>1</sup>2 23 78 533 《《中华》(《古代大学工术文学的文学》(古代文学》("文学文》(《文学文》)、"文学》(文学》)(文学、"文学文"(文学)、文学文学),在《文学》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》),《文学文》(《文学文》) Cases | 14,227 | 14,026 | 14,027 | 14,027 | 14,026 | 14,027 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,026 | 14,0 ELECTRICALS | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | 10.9 | **BUSINESS SERVICES** high spirit spir high 522 22 547 116 5 11 250 230 63 186 97 26 235 236 240 145 145 14 14 125 61 191 103 116 06 30 52<sup>1</sup>2 46 6 112<sup>1</sup>6 ST Japan

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Green Value 20.全分汽车作为万万面过去。4.7.15以前第四万万。6.4.2000万万万万分为6.000万万万亩过去。4.7.15以前第四万万亩。6.4.2000万万万万分为6.000万万万万万万万万万万万万万 INSURANCE BROKERS ##6 2959 667,0 165,0 172,2 224,0 172,2 214,0 224,0 167,1 19,1 81,3 81,3 113,9 852,8 4,69 Price 21613 246 171 129 246 190 246 217 17 2157 245 30 133 116 283 160 160 160 160 175 283 321 256 78 501<sub>2</sub> 153 325 43 171 131<sub>2</sub> 4 | | \$7554954 | 1148 | 7 | **CANADIANS** - 07 1993 - 1993 3,889 3,184 2,556 7,844 474.2 7.31 3,159 3,339 20,1 ELECTRICITY Price 335 487 488 485 485 383 360 31712 518 484 547 512 76974824131157415 FOOD MANUFACTURING 985 (728 1915) 110 (7 INSURANCE COMPOSITE ----: and the state of t CHEMICALS Anc Caren 2,884 17,284 4,322 17,801 2,701 2,205 108,8 13,1 112,8 2,506 110,9 4,184 1,866 1,566 1 Nd 679 470 351 34 51 40 139 49 12 Price 230% 5 - 1 200 kg 1 944.7 436.2 96.3 586.8 4,848 1,835 1,483 402.4 4,309 40.2 2,770 1,712 Mot Cap2477 588.2 5.469 3,150 568.8 Prior SSUES 1 159 korv 5475, 2186 2475, 2186 2475, 2186 2475, 2186 24874 ELECTRONICS 보석 2256 3427 47,8 47,8 47,8 47,8 47,8 5419 132,8 141,8 154,9 102 240 1 45 Fide 27/5 4410 145/2 515 **BANKS** ABIT Acro FI

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| 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 HEALTH & HOUSEHOLD | Mar | 12.9 | AMED | Company | **BUILDING MATERIALS** 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 1993 | 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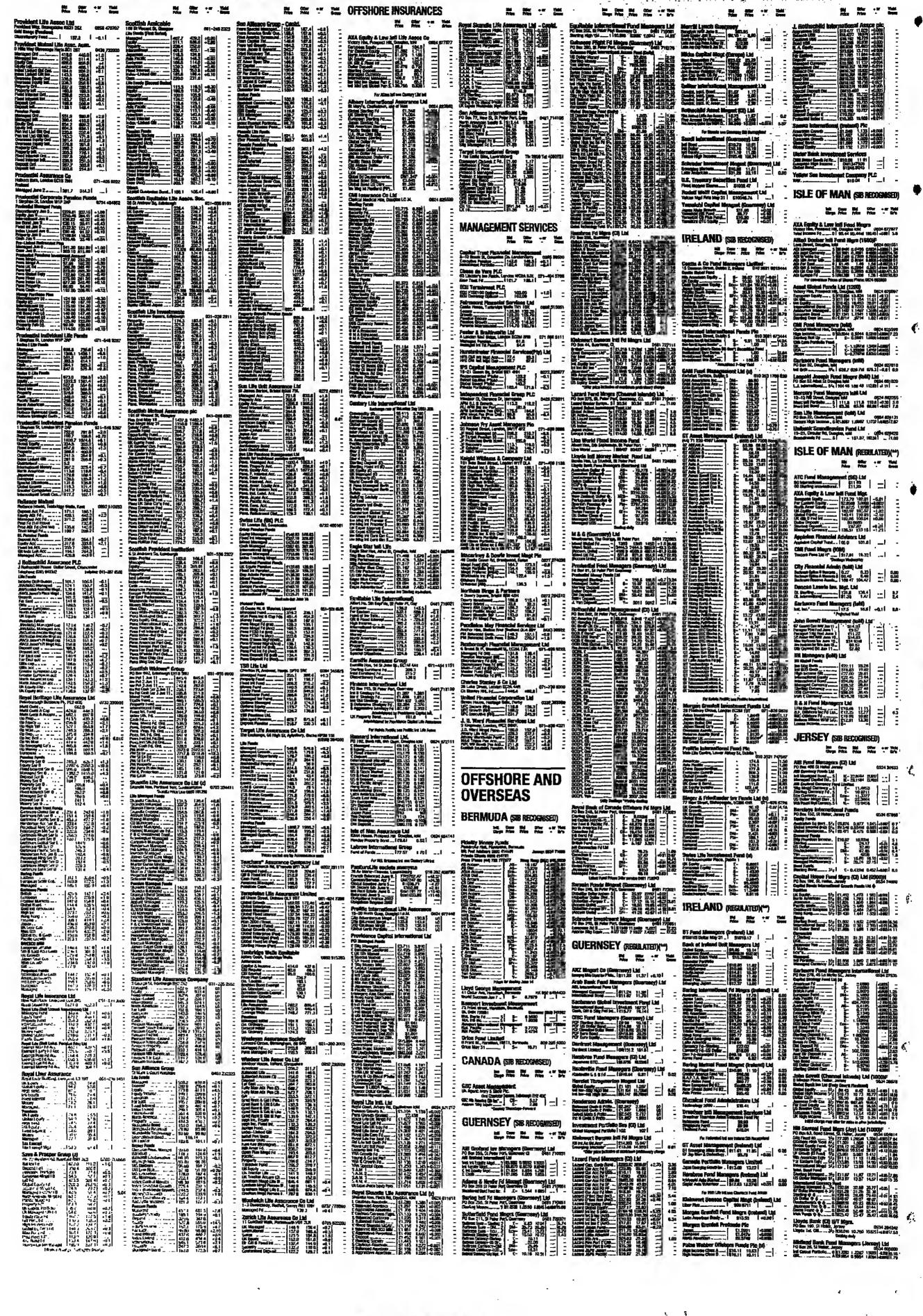
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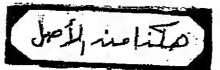


## FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

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## Dollar/yen breaks new ground

THE YEN moved to another post war high against the dollar in early European trading yesterday following the lack of Japanese trade talks at the weekend. writes James Blitz.

In Monday's Asian trading, the dollar came under intense selling pressure, moving from around Y106 at the start of the session to around 105.20 by the

Shortly after London opened, the dollar moved down to Y106.00 and stayed at those levels for much of the day. But as trading in the UK capital drew to a close, the yen was again under pressure, touching Y105.02. There was no sign of intervention from the Federal Reserve throughout the day.

The most obvious reason for yesterday's move was the lack of substantive success in the US/Japanese trade talks at the weekend. The US has pressed Japan to set an explicit target for cutting its huge trade sur-plus with the US, hut the lack of any agreement led dealers to think that Washington would press ahead with its dollar

depreciation policy.

Mr Mark Austin of Midland Global Markets in London believes that the pressure on the US currency results from

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man Ura	10.00	2118.24	1777.				

#### **CURRENCY MOVEMENTS**

Jun 14	Bank of England Index	Guaranty Changes %
Sterling	794	-30.25
U.S Dollar	63.7	-14.20
Canadian Dollar	93.2	-8.39
Austrian Schilling	113.5	+15.51
Belgian Franc	114.7	+1.15
Denish Krone	117.2	r11.36
D-Mark	122.9	+30,29
Swing Franc	111.7	+20,42
Dutch Guilder	118.4	+20,40
French Franc	109.2	-6.88
₩	B2.6	-32.76
Yea	180.1	+120,69
Peseta	90.7	-30.58
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OTHER CURREN	CIES
Jun 14   £	\$
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UAE 55080 - 56210	3.8715 - 3.6735

the huge quantity of dollars which Japanese exporters are still holding onto, and which they have not yet hedged. Mr Austin helieves that

these companies have refrained from selling dollars in the hope that the yen might reverse its rise. But as the Japanese currency continues to appreciate, these dollars are being sold.

A strong view in the market is that Y100 is oow within sight. At least one dealer was prepared to bet yesterday that a clear break of Y100 might even cause a new round of panic among Japanese investors, forcing the dollar down much further.

But some European inves-tors believe that the yen has reached such high levels that it is risky to buy the Japanese currency from here. Mr Jim O'Neill, head of research at Swiss Banking Corporation in London, believes that it is particularly expensive for Euro-

pean dealers to climb on board the yen band-wagon, now that the currency is at Y64.71 to the

With so much attention on the yen, there was little scope for dealers to push European currencies very far. The dollar was stuck in range trading against the D-Mark, with the market awaiting this week's consumer price inflation dat in the US and the Bundesbar council meeting on Thursda The dollar closed at DM1.62 from a previous DM1.6255.

The French franc clos pfennig up against the D-Ma at DM2.4800. Mr O'Neill Swiss Bank expects the pour to move sharply following l Kenneth Clarke's keynote Ma sion House speech toda With little happening on the European crosses, the spee will get more attention than deserves," he said.

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anada	1.5215	1.5305 1.5500	1,9960 - 1,9570	0.36-0.34cpm 0.27-0.19cm	275	1.83-1.98pm 9.81-0.47pm	2.86
enada	1.5215 1.9475 2.7750	1.5305 1.9530 2.7875	1,9560 - 1,9570 2,7775 - 2,7875	0.36-0.34cpm 0.27-0.19cm	275 1,41 -1,66	1.83-1.86pm 0.81-0.47pm	2.66 1.16 -0.90
anada Isherlanda Isherlanda	1.5215 1.9475 2.7750 50.85	1.5306 1.9530 2.7875 51.05	1,9980 - 1,8570 2,7775 - 2,7875 50.95 - 51,05	0.36-0.34cpm 0.27-0.19cpm 1 <sub>g</sub> -1 <sub>g</sub> -	2.75 1.41 -1.86 -1.16	1.83-1.86pm 9.81-0.47pm 5-1-18de 11-18de	2.66 1.16 -0.99 -1.14
anada letherlands letgitan	1.5215 1.9475 2.7750 50.85 9.4500	1.9306 1.9830 2.7875 51.05 9.4975	1,9960 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4825	0.38-0.34cpm 0.27-0.19cpm ig-3gc(ie 3-7cc(ie 12-23cometis	2.75 1,41 -1,66 -1,16 -2,89	1.83-1.86pm 0.81-0.47pm 5-3x8s 11-18de 35-47-de	2.66 1.16 -0.99 -1.14 -1.62
arracia lethertands letytest letytest	1.5215 1.9475 2.7750 50.85 9.4500 1.0150	1.5305 1.9530 2.7875 51.05 9.4975	1,9980 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4925 1,0175 - 1,0180	0.36-0.34cpm 0.27-0.19cpm ig-3pc0s 3-7cds 1 <sup>2</sup> 2-2 <sup>3</sup> ecrudis 0.09-0.12cds	2.75 1.41 -1.86 -1.16 -2.89 -1.24	1.63-1.66pm 0.61-0.47pm 5-1.66s 11-18ds 5%-45,de 0.26-0.32ds	2.66 1.16 -0.99 -1.14 -1.82
anada letherlands letherlands letherland letherland	1.5215 1.9475 2.7750 50.85 9.4500 1.0150 2.4725	1.5305 1.5530 2.7875 51.05 9.4975 1.0165 2.4626	1,9980 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4925 1,0175 - 1,0180 2,4775 - 2,4826	0.56-0.54cpm 0.27-0.19cpm 1 <sub>2</sub> -1 <sub>2</sub> cde 3-7cde 1 <sup>2</sup> <sub>2</sub> -2-kcde 0.09-0.12cde 1-20kde	275 1,41 -1,86 -1,16 -2,99 -1,24 -1,51	1.83-1.66pm 0.81-0.47pm \$2-4.68 11-1860 3%-47-60 0.26-0.32-60 1-11-60	2.66 1.16 -0.99 -1.14 -1.82 -1.16
anada lethertandis lethertandis lethertandis lethertandis	1.5215 1.9475 2.7750 50.85 9.4500 1.0150 2.4725 234.25	1.5305 1.9630 2.7875 51.05 9.4975 1.0165 2.4625 236.50	1,9960 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4925 1,0175 - 1,0180 2,4776 - 2,4926 2,95,50 - 230,50	0.36-0.34cpm 0.27-0.19cpm ig-3gcda 3-7cda 1 <sup>2</sup> 2-2 <sup>3</sup> -conda 0.09-0.12cda ig-3-picta 123-1-40cda	275 1,41 -1,66 -1,16 -2,09 -1,24 -1,51 -7,04	1.85-1.66pm 9.81-0.47pm 5-1.68 11-18de 3%-47,de 0.26-0.32de 1-11,de 374-485de	2.66 1.16 -0.99 -1.14 -1.82 -1.16 -1.71 -7.33
arrada leihertanda leigitsta leistrad leitratey leitrates leitrates	1.5216 1.9475 2.7750 50.85 8.4500 1.0150 2.4725 234.25 189.75 2247.50	1.5306 1.5630 2.7675 57.05 9.4975 1.0165 2.4626 236.50 190.55	1,9900 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4925 1,0175 - 2,4926 2,4775 - 2,4926 2,550 - 238,50 199,75 - 199,05 2,265,90 - 2256,50	0.56-0.54cpm 0.27-0.19cpm 1 <sub>2</sub> -1 <sub>2</sub> cde 3-7cde 1 <sup>2</sup> <sub>2</sub> -2-kcde 0.09-0.12cde 1-20kde	275 1,61 -1,66 -1,16 -2,69 -1,24 -1,51 -7,04 -4,32 -4,26	1.83-1.66pm 0.81-0.47pm \$2-4.68 11-1860 3%-47-60 0.26-0.32-60 1-11-60	2.66 1.16 -0.99 -1.14 -1.82 -1.16 -1.71 -7.33 -7.80
arrada	1.5216 1.9475 2.7750 50.85 9.4500 1.0150 2.4725 234.25 189.75 2247.50 10.4575	1.5306 1.9830 2.7875 51.05 9.4975 1.0185 2.4826 238.50 190.55 2280.75	1,9980 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4925 1,0175 - 1,9180 2,4776 - 2,4826 25550 - 238,50 189,75 - 190,05 2255,50 - 2256,50 10,4825 - 10,5025	0.56-0.34cpm 0.27-0.19cpm 1 <sub>p</sub> -3 <sub>p</sub> cds 3-7cds 1 <sup>2</sup> -2-2-truds 0.08-0.12cds 125-140cds 92-108cds 7-18cds 5 <sub>p</sub> -12cds	275 1,41 -1,66 -1,16 -2,69 -1,24 -1,24 -4,32 -4,32 -1,07	1.85-1.86pm 0.81-0.47pm 5-3-188 11-134s 35-475-0s 0.26-0.324s 1-11-0s 31-455-0s 344-376-0s 22-25-0s 15-3-148	266 1.16 -0.99 -1.14 -1.82 -1.16 -1.71 -7.83 -4.17 -0.98
arracia	1.5215 1.9475 2.7750 50.85 9.4600 1.0150 2.4725 234.25 189.25 1247.50 10.4575 8.3200	1.5306 1.9530 2.7875 51.05 9.4975 1.0165 2.4626 236.50 190.55 2260.75 10.8675 6.3475	1,9800 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4825 1,0175 - 1,0180 2,0775 - 2,4825 255,50 - 238,50 189,75 - 190,05 10,4825 - 10,5025 8,3350 - 2,3450 10,4825 - 10,5025	0.36-0.34cpm 0.27-0.19cpm is-lands 3-7cds 11-2-2-tornals (0.00-0.12cds) is-lands 129-1-40cds 92-10tcds 7-18cds is-lands is-lands is-lands is-lands is-lands is-lands is-lands	275 1,41 -1,66 -1,16 -2,69 -1,24 -1,24 -4,32 -4,32 -1,71	1.85-1.86pm 0.81-0.47pm \$-\kds 11-13de 3\s-\frac{1}{2}de 0.26-0.32de 1-1\square 374-455de 344-376de 22-25de 1\square 1\square 24-35de 24-35de	266 1.16 -0.99 -1.14 -1.82 -1.16 -7.33 -7.50 -4.17 -4.17 -4.17 -4.17
arracia	1.5216 1.9475 2.7750 50.85 9.4800 1.0130 2.4725 189.75 2247.50 10.4575 8.3200 10.9650	1.5306 1.9630 2.7675 51.05 9.4975 1.04626 2.4626 236.50 190.55 - 2260.75 10.5075 11.0400	1,9980 - 1,9570 2,7775 - 2,7875 50,95 - 51,05 9,4725 - 9,4925 1,0175 - 1,0180 2,4775 - 2,4626 225,50 - 2,96,50 199,75 - 190,05 2265,50 - 2256,50 10,4825 - 10,5025 8,3350 - 8,3450 11,0300 - 11,0400	0.56-0.34cpm 0.27-0.19cpm 1 <sub>2</sub> -3 <sub>2</sub> cds 3-7cds 11 <sub>2</sub> -24cmds 0.09-0.12cds 1 <sub>2</sub> -1-19cds 32-19cds 5 <sub>2</sub> -19cds 1-1 <sub>2</sub> -25cmds 1-1 <sub>2</sub> -25cmds	275 1,41 -1,66 -1,16 -2,69 -1,51 -1,51 -1,51 -1,51 -1,51 -1,51	1.83-1.86pm 0.81-0.47pm 5-1.48s 11-13de 55-425de 0.26-0.32de 11-12de 374-455de 344-376de 22-25de 15-34de 24-375de 24-375de	2.66 1.16 -0.94 -1.16 -1.16 -1.71 -7.80 -4.17 -0.95 -4.17 -0.95 -1.51 -2.06
intacia	1.5215 1.9475 2.7750 50.85 8.4600 1.0130 2.4725 234.25 189.75 2247.50 10.4575 8.3200 10.9550 10.9550	1.5306 1.9630 2.7675 51.05 9.4975 1.0165 2.4626 236.50 190.55 2260.75 10.5675 6.3475 11.0400	1,8980 - 1,8570 2,7775 - 2,7875 50,85 - 51,05 9,4725 - 9,4825 1,0175 - 1,0180 2,4775 - 2,4825 295,50 - 238,30 189,75 - 10,165 2255,50 - 2286,50 18,4825 - 10,5025 18,4825 - 10,5025 11,1300 - 11,0400 11,0400 - 11,0400 11,0400 - 11,0400	0.36-0.34cpm 0.27-0.19cpm 1-3-1cds 3-7cds 11-2-24cmsds 0.06-0.12cds 12-3-14cds 22-10cds 7-46cds 1-1-2cds 1-1-2cds 1-1-2cds 1-2-2-2cds 1-2-2-2cds	275 1,41 -1,96 -1,16 -2,99 -1,24 -1,24 -1,24 -1,27 -1,27 -2,31 -2,31 -2,31	1.83-1.60pm 9.81-0.47pm 7-3-1.60 11-13-00 34-47-5-00 0.26-0.32-60 1-11-00 374-455-00 34-475-05 15-3-1-05 15-3-1-05 24-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05	266 1.16 -0.99 -1.16 -1.16 -1.71 -7.50 -4.17 -0.95 -2.06 -2.06
is contacts	1.5216 1.8475 2.7750 50.85 9.4500 1.0150 2.4725 189.75 189.75 10.4575 8.3200 10.9550 10.00 17.36	1.5305 1.5630 2.7675 51.05 9.4075 1.0165 2.4626 236.50 190.55 2260.75 10.5675 6.3475 11.0400 11.0400 11.0400 11.0400	1,9980 - 1,9570 2,7775 - 2,7975 50,95 - 51,05 9,4725 - 9,4825 1,0175 - 1,0190 2,4775 - 2,4825 189,75 - 190,65 225,50 - 230,50 189,75 - 190,65 225,50 - 226,50 10,4825 - 10,5025 8,3350 - 8,3450 110,000 - 161,00 17,44 - 17,47	0.56-0.34cpm 0.27-0.19cpm 1 <sub>2</sub> -3 <sub>2</sub> -0.05e 1 <sub>3</sub> -2 <sub>3</sub> -0.05e 1 <sub>3</sub> -2 <sub>3</sub> -2 <sub>4</sub> -12 <sub>2</sub> -12 <sub>3</sub>	275 1.41 1.186 -289 -1.24 -1.24 -1.24 -1.24 -1.25 -1.27 -1.21 2.20 -1.16	1.83-1.86pm 0.81-0.47pm 5-1.48s 11-1.36s 34-47.54s 1-11-28s 34-47.54s 34-3784s 22-254s 15-31-6s 24-47-64 11-1pm 33-57-6s	266 1.16 4.19 4.14 4.17 7.16 4.77 7.50 4.17 4.17 4.17 4.17 4.17 4.17 4.17 4.17
arracia letherlands letherlands letherland l	1.5216 1.9475 2.7780 50.85 9.4800 1.0125 234.25 189.75 2247.50 10.4575 8.3200 10.5650 161.00 17.36 2.2050	1.5305 1.8630 2.7675 57.05 9.4075 1.0165 2.4625 2.86.50 190.55 - 2260.75 10.5075 6.3475 11.0400 181.25	1,9500 - 1,9570 50,95 - 51,05 9,0725 - 9,4025 1,0175 - 1,0180 2,4775 - 2,4025 199,75 - 190,25 199,75 - 190,25 2,3550 - 2296,50 19,4025 - 10,5025 8,3590 - 8,3450 10,4025 - 10,5025 8,3590 - 8,3450 10,4025 - 10,5025 8,3590 - 11,0400 190,000 - 11,0400 17,44 - 17,47 2,2075 - 2,2175	0.36-0.34cpm 0.27-0.19cpm 1 <sub>2</sub> -1 <sub>2</sub> -1 <sub>3</sub> cpm 1 <sub>3</sub> -2 <sub>4</sub> -1 <sub>3</sub> cpm	275 1.41 -1.96 -1.16 -2.99 -1.24 -1.24 -1.24 -1.27 -1.71 -2.21 0.88	1.83-1.86pm 0.81-0.47pm 5-1.48s 11-1.36s 34-47.54s 1-11-28s 34-47.54s 34-3784s 22-254s 15-31-6s 24-47-64 11-1pm 33-57-6s	266 1.16 1.14 1.14 1.17 1.16 1.77 1.17 1.17 1.17 1.17 1.17
arracia	1.5216 1.9475 2.7780 50.85 9.4800 1.0125 234.25 189.75 2247.50 10.4575 8.3200 10.5650 161.00 17.36 2.2050	1.5305 1.5630 2.7675 51.05 9.4075 1.0165 2.4626 236.50 190.55 2260.75 10.5675 6.3475 11.0400 11.0400 11.0400 11.0400	1,9980 - 1,9570 2,7775 - 2,7975 50,95 - 51,05 9,4725 - 9,4825 1,0175 - 1,0190 2,4775 - 2,4825 189,75 - 190,65 225,50 - 230,50 189,75 - 190,65 225,50 - 226,50 10,4825 - 10,5025 8,3350 - 8,3450 110,000 - 161,00 17,44 - 17,47	0.56-0.34cpm 0.27-0.19cpm 1 <sub>2</sub> -3 <sub>2</sub> -0.05e 1 <sub>3</sub> -2 <sub>3</sub> -0.05e 1 <sub>3</sub> -2 <sub>3</sub> -2 <sub>4</sub> -12 <sub>2</sub> -12 <sub>3</sub>	275 1.41 1.186 -289 -1.24 -1.24 -1.24 -1.24 -1.25 -1.27 -1.21 2.20 -1.16	1.83-1.60pm 9.81-0.47pm 7-3-1.60 11-13-00 34-47-5-00 0.26-0.32-60 1-11-00 374-455-00 34-475-05 15-3-1-05 15-3-1-05 24-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05 21-3-1-05	266 1.16 4.19 4.14 4.17 7.16 4.77 7.50 4.17 4.17 4.17 4.17 4.17 4.17 4.17 4.17
arracia editeriandia editeriandia editerian	1.5218 - 1.9475 - 2.7750 - 50.85 - 9.4600 - 2.4725 - 234.25 - 180.275 - 2247.50 - 10.4575 - 8.3200 - 10.9550 - 160.00 - 1.2665 - 12665 - 12665 - 12665	1.5305 1.8630 2.7675 51.05 51.05 2.4625 2.86.50 190.55 2.86.50 190.55 11.0400 151.25 11.440 17.45 2.2200 12.895	1,9500 - 1,9570 50,95 - 51,05 9,0725 - 9,4025 1,0175 - 1,0180 2,4775 - 2,4025 199,75 - 190,25 199,75 - 190,25 2,3550 - 2296,50 19,4025 - 10,5025 8,3590 - 8,3450 10,4025 - 10,5025 8,3590 - 8,3450 10,4025 - 10,5025 8,3590 - 11,0400 190,000 - 11,0400 17,44 - 17,47 2,2075 - 2,2175	0.56-0.34cpm 0.27-0.15cpm 1-3-colo 1-3-colo 12-2-4cmedia 1-3-15csi 12-3-15csi 12-3-15csi 12-3-15csi 1-3-colo 1-	275 1.41 1.86 -1.16 -2.89 -1.81 -7.34 -4.26 -1.71 -2.71 -2.71 -2.71 -1.16 -1.89 -1.89	1.83-1.80pm 0.81-0.47pm 11-134de 25-4-65-0 2.26-0.32de 21-13-0 24-37cda 32-37cda 32-	2.66 1.16 1.99 -1.14 -1.82 -1.16 -1.77 -7.80 -1.51 -2.06 -1.50 -1.50 -1.50 -1.50 -1.50 -1.50 -1.50 -1.50 -1.50 -1.50
emade defendance defen	1.9216 1.9475 2.7750 50.85 9.4500 1.0150 2.4725 234.25 189.75 2247.50 10.4575 8.3200 10.4575 10.9550 1	1,5306 1,9500 2,757 57,05 9,4975 1,0165 2,4626 296,35 190,55 10,5675 11,5400 161,25 17,48 2,2200 1,2805 1,2805 1,2805	1,9980 - 1,9570 2,7775 - 2,7875 50.95 - 51,05 9,0724 - 9,4825 1,0175 - 1,0190 2,0775 - 2,4825 1,925 - 3,93 189,175 - 1,90,175 10,4825 - 10,5025 10,4825 - 10,5025 11,5000 - 11,0400 11,040 - 11,040 11,040 - 11,040 10,000 - 11,040 17,44 - 17,47 2,2075 - 2,2175 1,2905 - 1,2905	0.50-0.34cpm 0.27-0.15cpm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-2cdm 1-3-3-3-3-3cdm 1-3-3-3-3cdm 1-3-3-3-3-3cdm 1-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3-3	275 1,41 -1,96 -2,99 -1,24 -1,24 -1,24 -1,24 -1,24 -4,26 -1,07 -1,17 -2,31 2,90 -1,18 -1,1	1.83-1.80pm 0.81-0.47pm 51-1.04m 11-13dm 1	2.05 1.16 -0.99 -1.14 -1.82 -1.16 -1.77 -7.80 -4.77 -0.51 -2.06 -2.06 -1.51 -1.51 -1.51

THE EIDOBEAN CORPORACY UNIT DATES

Jun 14	Day's append	Close	One wonth	P.	District Control	pa.	
4	1.5215 - 1.5305	1,5270 - 1.5280	0.36-0.34cpm	2,75	1,03-1.00pm	266	
dispet	1.4980 - 1,5055	1,5000 - 1.5010	0.51-0.49cm2	400 L	1.43-1.38out	375	
made	1,2795 - 1,2845	1,2815 - 1,2820	0.13-0.16cdis	-1.36	0.48-0.51da	-1.51	
charlands .	1,8155 - 1,8235	1.8205 - 1.8215	9.57-0.60cds	-3.06	1.80-1.65ds	-3.57	
dgiant	33.30 - 33.45	33.35 - 33.45	10.00-12.00cdis	-3.85	30.00-34.00@s	-3.83	
nmark	8.1900 · 8.2075	8.2025 · 8.2075	2.50-3.00gredis	-6.32	7.00-8.00ds	-CBS	
rmady	1.8195 - 1.6266	1,6235 - 1,6246	0.63-0.64ptds	-4.60	1.76-1.78ds	-4.36	
riugal	153,70 - 154,65	154.46 - 154.55	122-127cde	-9.67	363-380ds	-8.82	
Mr	124.15 - 124.60	124.45 - 124.55	93-96cds	-9.11	250-260ds	-8.19	
h	1471.00 - 1480.25	1476.75 - 1477.25	8.00-9.00tredis	-6.91	25.00-26.30ds	-6.95	
CW97	6.8500 · 6.8775	8,8790 · 8,8750	1.80-2.35gradu	-3.62	5.80-6.60ds	-3.61	
mce	5.4475 - 5.4700	6.4575 · 5.4625	1.95-2.05cds	-4.40	5.58-5.73ds	-4.14	
eroden	7.1790 - 7.2326	7.2225 - 7.2275	2.80-3.40 code	-6.15	8.15-9.15da	-4.79	
pan	105.00 - 105.40	105.05 - 105.15	0.01de-perypm	-0.08	0.04-0.03om	613	
strie	11,4025 - 11,4375	11,4300 - 11,4350	3.50-3.60grods	-3.63	9.75-10.60de	-3.56	
vitzedand .	1.4415 - 1.4518	1,4485 - 1,4495	0.22-0.25cds	-1.95	0.655-0.70dia	-1,86	
wf	1.2020 - 1.2070	1,2030 - 1,2049	0.47-0.46cpm	4.64	1.28-1.24pm	4.15	

**EURO-CURRENCY INTEREST RATES** 

Jun 14	Short tem	7 Days wollce	One Month	Yisea Months	Six Monibs	(One
orden  5 Doller  10 Doller  11 Doller  12 Doller  13 Doller  14 Doller  15 Do	54 52 3 47 64 77 65 77 6	54 55, 34, 7 54, 44, 7 54, 54, 77, 77, 77, 77, 77, 77, 77, 77, 77, 7	57 - 582 354 - 354 - 476 554 - 554 - 775 1054 - 775 105	514 - 34 - 46 - 54 - 74 - 54 - 54 - 54 - 54 - 54 - 54	512 514 5 52 5 5 6 7 7 6 6 6 7 7 6 6 6 7 7 6 6 6 6 7 7 6 6 6 6 7 6 7 6 6 6 7 6	6 55 31 55 46 51 55 46 65 65 65 65 77 24 4 104 105 104 105 104 105 105 105 105 105 105 105 105 105 105
g hera Eurodolia -5% per cent no		42 per pert to plan an cal i				r care; five years ' notice.
2 24 000	MO 2	Yes F fo		PL Ura		Pla EDS

kme 14	2		D14	Yes	F Fr.	6 Pt.	a r.	Line	CZ	6 fs.	Pla.	EDS
E	1	1.527	2.480	160.5	8.340	2.212	2.782	2256	1.966	51.00	189.0	1,289
	6 655	1	1.624	105.1	5.462	1,442	1 822	1477	1,281	33,40	124.4	0.831
DM	6 403	0.616	1	64.72	3.363	0.892	1.122	909.7	0.700	20.56	70.57	0.512
YEN	6.231	9.514	15 45	1000.	51.90	13.75	17.33	14056	12.19	317.8	1183	7,907
FFL	1.199	1.831	2.974	192.4	10.	2652	3,336	2705	2,345	61.15	227.7	1.52
a Fr.	6452	0.690	1.121	72.56	3.770	1	1.258	1020	0.884	23.06	85.85	0.574
6 PL	6359	0.549	0.891	57.09	2,996	0.795	1	810.9	8,703	18.33	68.26	0.450
Lika	6 443	6 577	1 099	71.14	3.697	6960	1.233	1000	0.867	22.61	84.18	0.003
CS	0.511	6 781	1.268	82.06	4.264	1.131	1.422	1153	1	26.07	97.00	0.649
a Pt.	1.961	2.994	4.853	314.7	16.35	437	5.455	4424	1.835	100	3724	2,48
Pta	0.527	0.804	1.306	84.52	4.392	1.185	1.465	1188	1.030	26.86	100	0.060
Ecu	0.768	1.203	1.954	126.5	8.572	1.743	2.192	1778	1.541	40.19	149.6	1,
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er-	LONDON (LIFFIE)  8% NOTIONAL SISTISM CELT 2014,000 120-de of 100%
uk of nd	Close 18gi Low Pres. Jun 105-22 105-25 105-20 105-17 Sep 104-28 104-29 104-27 104-19 Estimated volume 23081 (33180)
Mr an- ay.	Principus day's open Int. 68530 (67005)  6% MOTHEMAL REPRINAN GOVT. BERED " BUCZELUBU 1988 of 166%
the ch it	Close High Low Prev. Sep 96.02 96.07 94.81 84.77 Dec 95.16 95.21 95.06 94.90 Ealtreated volume 72747 (82381) Previous degre open int. 189355 (158610)
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	Dec 107.45 Estimated volume 1845 (\$010) Traded exclusively on APT
ntage .	125. NOTIONAL TOALIAN GIVET. BURD (KYP) "  LINA 200m 100m 0 100m  Close High Low Prev.  Sep 101.14 101.20 100.80 100.24
i Nach d She	Sep 101,14 101,20 100,80 100,24 Dec 100,93 100,88 100,88 100,07 Estimated volume 12817 (12841) Provious day's open Int. 45934 (44820)

FINANCIAL FUTURES AND OPTIONS

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	Previous	Previous day's open Int. 45934 (44820)												
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-	Sep Dec	98.45	High	LOW	Pres 95.8									
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8	Jun Sep Dec Mar Jun	54,04 94,16 94,16 94,24 94,05 93,72 (inc. figs.	High 94.05 94.19 94.24 94.05 93.73	94,03 94,16 94,22 94,02 95,70	94.0 94.1 94.2 94.0 98.6									
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	See	93.27	93.29	93.24	93,18
íl	Sep	93.64	93.56	93.60	93.56
	Mar	93.92	93.93	93.90	93.87
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_ 1		Close	High	Love	Prey.
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- 1	Sep	95,40	95,42	95,34	95.33
_ 3	Dec	95.63	85.64	95,50	96.57
		95.76	95.76	95.74	95.70
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		Close	High	- Law	Prev.
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	Sep	90.40	90.42	90.30	90,17
	Dec	90,71	90.72	90.00	90.50
	Mer	90.91	90.95	90.86	90.71
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75	£25 per	full backet	refec		
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_		2916.5	2923.0	2891.0	2885.5
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6 months US Dollars

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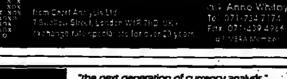
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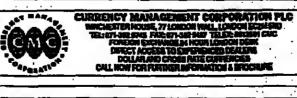




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**FUTURES PAGER** 

#### **MONEY MARKETS**

## **Bundesbank** ignored

important interest rates oo a day which underlioed haw European mnnetary policy is de-caupling itself from the Bundesbank's strategy, writes James Blitz

The French central bank yesterday cut its intervention rate by 25 basis points to 7.25 per cent, and its 5-10 day lending rate by the same amount to 8.25 per cent. The move was France's eighth cut in interest rates in two months.

UK clearing bank base lending rate 8 per cent from January 26, 1993

The mure was widely anticipated by the market and had virtually no impact on French cash and futures prices. But the importance of yesterday's move was that it followed a long period in which the Bundesbank had kept ioterest rate policy on hold, amid a weakening of the D Mark in the European

exchange rate mechanism. encouraged two other central banks to make important

announcements. The Portuguese authorities cut their mop-up rate hy 75 basis points to 11.25 per cent. Mr Erik Hoffmeyer, the Danish central bank chief, was also

THE BANK of France reported as saying that he vesterday cut both of its most would like to cut his country's Interest rates as sooo as possible, and would oot necessarily follow the

> Freoch short-term interest rates have been below those in Germany for several weeks now. The French intervention rate, for example, was some 35 basis points below the German repo rate, while 3-month French francs were yesterday afternoon some 22 basis points below 3-month D-Marks on the

Mr Nicolas Sarkozy, the French budget minister, said there was still room for a decline in French rates, even if German rates remain on hold. Mr Jean Michel Charpin, chief economist of BNP in Paris, said there was a chance that the 3-month spreads could widen in the near future. But, further out, he expected the rates to converge again as the D-Mark and Freoch franc remained tied to a parity.

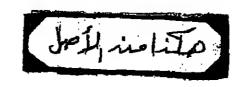
Sterling markets were quiet That potential weakness of in the run-up to Mr Kenneth the D-Mark yesterday Clarke's first Mansioo House Speech today as chancellor. Three-month money eased to 5% per cent from 5% per cent last Friday, following a small £500m shortage. The September short sterling contract rose 2 basis points to close at 94.17.

The fiding rates are the artitypolic means rounded to the nearest one-shapeniti, of the bid and olived rates for SIOm quoted to the nearest by five reference barries at 11,00 a.m. each working day. The benice are Nettonia Westminster Benic, Bank of Tolgo, Deutsche Bank, Banque lectonia de Paris and Morgian Gazarany Trust. MONEY RATES NEW YORK Treesury Site and Bonds One Month Two Months 7,50-7,65 714.73 6-514 6.80-6.88 7,70-7.80 7,2-7,2 5,1-5 6.98-7.03 .55-7.70 7.20-7.35 8.50 7.25 164-163 7-74 67-7 63-7 676-7 LONDON MONEY RATES Jun 14 516 512 511 **5**8 153 Treatery filts (sell); one-month 5% per cent; three months 5% per cent; all recents 6% per cent; Sant. Sits (sell), one-month 5% per cent; three months 5% per cent; three months 6% per cent; three months 6% per cent; three per cent; three

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(11.00 a.m. June 14) 3 months US dollars

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June 14

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## **US** markets cautious ahead of CPI data

#### **Wall Street**

US share prices were flat to firmer across the board yesterday morning as dealers and investors braced themselves for the second set of important inflation data in three days, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Aversge was up 6.09 at 3,511.10. The more broadly based Standard & Poor's 500 was 0.45 higher at 447.41, while the Amex composite was 0.33 lower at 433.99, and the Nasdaq composite up 2.69 at 695.88. Trading volume on the NYSE was 123m shares by 1 pm, and declines outnumbered rises hy

After last Friday's promising producer prices report for May (the producer prices index was flat for the month), which helped assuage fears that a resurgence in infletion would force up interest rates, the markets opened in a hroadly positive mood. Further gains in Treasury prices, which pushed bond yields lower, also helped improve equity investor senti-

The advance in stocks, however, was modest, and the Dow struggled all morning to post double-digit gains in light trading. A fear of trading ahead of today's consumer prices data was behind the markets' subdued showing.

Although analysts are forecasting that the consumer price index for May will have risen by only 0.2 per cent, dealers and investors were aware that a surpristngly strong CPI number could derail hoth

Among individual stocks, Eastman Kodak jumped \$2% to \$53!4 in volume of 1.3m shares after the company unexpectedly announced plans for a meetlog with investors and analysts today. Kodak did not explain why it was calling the meeting, but analysts specu-

annouoce some form of

restructuring. Technology stocks, which have been see-sawing wildly to recent trading sessions, remained mixed to heavy trading yesterday. Hewlett-Packard climbed \$1% to \$88%, Compaq put on \$1% at \$55%, and Motorola added \$% et \$85%, while Digital Equipment held steady et \$43, Unisys slipped \$% to \$11% and IBM fell \$% to \$51%.

US Surgical feli \$3 to \$26% in volume of 1.4m shares as inves-tors got the first chance to respond to Friday's forecast hy the company that because of declining sales it will post a loss in the second quarter of the year. At the same stage e year ago, US Surgical made e profit of 58 cents a share.

Johnson Products jumped \$5% to \$24% on the American Stock Exchange after Ivax announced that it was buying the company for somewhere between \$61m and \$73m. John son, however, said it may con-

#### Canada

TORONTO fell hack et midday, ressured by falling precious metals and transportation issues. The TSE-300 Index slipped 6.04 to 3,860.45 in volume of 21.3m shares valued at C\$204.4m.

A fall in gold prices took the gold and silver index down 151.26, or 1.9 per cent to 7,797,93.

Falling precious metals issues were led by Euro-Nevada, which slipped C\$1 to C\$26% in moderate volume. American Barrick fell C\$% to

#### **SOUTH AFRICA**

JOHANNESBURG SAW a ries that the bullion price was due for a correction. The index lost 89, or 5.4 per cent to 1.562. as industrials shed 6 to 4,590 and the overall 45 to 3,904. Vaal Reefs fell R15 to R275.

## Senior bourses feature mixture of performances

F1-SE · Actuaries Share Indices

performance yesterday, especially where the peripheral markets were concerned, writes

Our Markets Staff.
MILAN got little support from Friday's after hours discount rate cut, as attention remained firmly fixed on Ferruzzi and Montedlson. Rumours over the weekend suggesting that two candidates had turned down invitations to head the group's restructuring programme added to the general mood of despondency as the Comit index anded 4.45

Montedison was suspende-dyesterday after a fall of 14 per cent to 1.840. Attempts to fix the prices were later aborted as unofficial trading saw the stock quoted as low as L750. Ferruzzi sank another L73, or 10 per cent to L659.

r at 527.44.

The banking sector was another loser on an initially negative reaction to the repeal of legislation preventing banks from taking stakes in industry. This had been long expected as part of the government's privatisation process, but commen-

tators noted that it had come at a bad time: there were worries, they said, that banks might be forced into taking stakes in companies to which they were already exposed, rether than making new investments.

As a result two of the banks on the list for early privatisation saw sharp falls: Credito Italiano by L158 to L2,535 and BCA by L204 to L5,038. PARIS had alreedy dis-

counted a 25 basis point repo rate cut towards the end of last week, so reaction to yesterday's event was muted. The CAC-40 index advanced to a day's high of 1,928, before drifting back to close 3.59 lower at 1,916.84. Turnover was moderate at FFr2.2bn.

Expectations that a joint venture between Matra Hachette and Cap-Gemini Sogeti would land a US airforce order saw their respective shares gain FFr3.50 and FFr3.00 to FFr123.50 and FFr190.70. Peugeot, which announced

plans to raise up to FFr2bn on

the bond market, advanced

FFr6 to FFr527.

1181.85 FT-SE Eurotrack 200 1232.37 AMSTERDAM'S CBS Tendency index rose 1.3 to 108.4. Lehman Brothers forecast that lands, now the lowest in

> seeable future". Hoogovens continued to improve following last week's gains, yesterday putting on FI 1.60 to FI 33.70 while another cyclical, DSM, rose F11.60 to FI 86.20.

> Europe, "will remain below those in Germany for the fore-

interest in cyclical stocks has developed following a Coldman Sachs note in which Mr Philip van den Berg forecasts that they will outperform the market by 5-10 per cent over the next 12 months, esti-

1181.59 1230.01 1181.45 1218.08 1230.25 less value 1000 (2571056) Highling: 180 - 1151.65; 200 - 1236.67 London: 100 - 1121.10 200 - 1234.41, mating that cyclicals are presently undervalued by about 30

June 8 June 7

Open 10.30 11.00 12.00 13.00 14.00 15.00 Close

1153.33 1153.05 1153.71 1182.82 1182.95 1182.97 1181.86 1181.59

1236 19 1238 84 1238 55 1238 62 1236 74 1237 11 1235 43 1234 85

Jame 10 June 9

FRANKFURT continued to pursue its technical rally, the DAX index closing 11.00 higher at 1,691.98. Turnover rose from DM5.8bn

to DM5.9bn. There were size-able individual gains in Siemens, DM6.30 better at DM627.30 as dealers said that the electricals giant had lagged behind the market recently, and in Luthansa, up DM4.40 et DM107.90.

But as on Friday, the outstanding sector gain came in carmakers. BMW rose DM10.50 to DM483.50 and Daimler by

analyst at James Capel in London, said that between two and three weeks ago the sector was approaching the historic lows it had seen in 1988, 1991 and 1992. "If it had broken below previous lows," she said, "we would have been looking at a major downgrading involving a large sector of the market, and investors were not prepared to

ZURICH continued its consolidation, the SMI index dropping 14.1 to 2.294.2. Chemicals saw profit-taking, with Sandoz certificates, down SFr60 at

SFr3.170. BRUSSELS rose on hopes of a Bundesbank interest rate cut this Thursday, the Bel-20 index ending 10.89 higher at 1,224.44 to volume of 809m shares.

The video screen producer, Barco, rose BFr95, or 6.3 per cent to BFr1,596. However, the interest rate sensitive majors also moved well. Electrabel rising BFr90 to BFr5.880 in a banks, Générale de Banque putting on BFr140 to BFr7.800. VIENNA extended

week's pickup with e gain of 1.5 per cent, the ATX index closing 12.46 higher at 850.19. The market was led up by Verhund, Austria's national electricity supplier, which leapt by Sch40, or 7.3 per cent to Sch590 on aggressive huying by e for-

WARSAW went limit up instead of limit down, excess demand forcing the bourse to suspend trade in 11 stocks as the WiG index jumped 253, or 9.6 per cent to 2,890.8. Because of the suspensions, turnover was the lowest in three months at about 42bn zloty.

ISTANBUL responded to the appointment of Mrs Tansu Ciller as prime minister with a 10.5 per cent gain in the mar-ket index, up 925.16 to 9,760.67. Ms Nur Pekin of Schroders in London said that the market

was enthusiastic about the had been responsible for legislation earlier this year which had encouraged equity invest-ment, and had led to a rise in the market index of some 136 per cent since the start of the

#### **ASIA PACIFIC**

## Nikkei under pressure as yen hits a new record high

THE YEN'S rise to a new postwar high soured investor confidence and share prices lost ground on futures-led selling, in the thinnest trading for three months, writes Emiko

erazono in Tokyo. Volume fell to 250m shares, its towest since March 3. A total of 645.7m shares changed hands last Friday on futuresled trading. The Nikkei average lost 103.60 to 20,397.35 after a high of 20,560,08 to the morning session and a low of

20,351.47 in the afternoon. Declines led advances by 737 to 276, with 172 issues unchanged. The Topix index of all first section stocks shed 1.58 to 1,659.46. in London the ISE/ Nikkei 50 index edged up 0.50 to 1.246.06. The dollar closed at Y105.20,

up Y1.12. Uncertainty over the

effects on corporate profits

unnerved investors, who remained on the sidelines. Meanwhile, research divisions of leading Jepanese brokers revised down profits forecasts for the current year to March due to the recent strength of

the yen. Most forecasts, however, are based on an exchange rate of around Y110 to Y114 to the dollar. Daiwa Research Institute said a rise of Y1 against the dollar would depress pre-tax profits on an all-industry basis hy 0.4 per cent

Exporters were hit by the nigher yen, with Toshiba, the day's most active issue, falling Y16 to Y714 and Hitachi dipping Y4 to Y865. However, electric power utilities, which import fuel, were among the top gainers, the sector rising by 1.7 per cent. Tokyo Electric Power advanced Y70 to Y3.860. Daiel, the supermarket

absorb three affiliated retail-

ers: Chujitsuya, listed on the Tokyo SE first section, Uneed Daiel, listed on the second section of the Osaka SE, and the unlisted Dainaha. Trading was suspended for the three companies.

Ichiken, a construction com-

pany helonging to the Daiei group, surged ahead Y110 to Y1,110, and other retailers advanced on hopes of similar moves in the industry. Matsuya appreciated Y38 to Y780. The higher yen encouraged hopes of lower interest rates. Banks firmed on hopes of wider profit margins, with industrial Bank of Japan gain

Tokyo Y40 at Y1,510. Kooami, the video game maker, climbed Y160 to a year's high of Y4.510 on hopes of strong earnings. The company's move to change the minimum trading unit of its stock to 100 shares from 1,000 also encouraged investors.

ing Y10 at Y3.040 and Bank of

receded 151.59 to 22,934.59 m volume of 11.6m shares.

#### Roundup

THE MUTED share price tone in Tokyo was mostly echoed in the Pacific Basin region, where Hong Kong and Australia were closed for public holidays.

hy banks and shipyards as spillover selling from last Friday dampened trade. The Straits Times Industrial index slipped 10,42 to 1,842,63, losers including UOB Foreign, DBS Foreign, Sembawang Shipyard and Sembawang Maritime.

after last Friday's bigh on

Prime Minister Mahathir Mohamad's visit to China, and the market's projection of lucrative deals for Malaysian

SINGAPORE was led down

Volume expanded from

227.95m to 311.18m ehares. Malaysian stocks continued to see active trading amid strong over-the-counter speculative buying in selected issues such as Renong and Idris.

KUALA LUMPUR eased back

#### The KLSE composite index closed 3.13 down on the day at 743.16 after setting an intraday all-time high of 753.54 which, as in Singapore, was reflected in speculative activity in smaller Malaysian companies.

Volume climbed from 635.9m to 808.2m shares SEOUL fell for the fourth consecutive session on profittaking in thin trading, the composite stock index weakening 6.39 to 759.47 in turnover down from Won644.06bn to Won596.95bn.

TAIWAN's weighted index dropped 43.87 to 4,177.20 as turnover fell to T\$11.7bn. its lowest in a full session since

local government elections at

Conflict within the ruling Nationalist party ahead of

official investigation into irreg-ular stock trade, continued to

KARACHI marked Pakistan's hudget day with the KSE index 1.27 higher at 1,183.73, but, in BOMBAY, last week's ressive kerb trade phenom-

enon continued. Indian brokers reported no buy enquiries at all as the BSE index closed 436.36 lower et 2,357.64, and as major blue chips fell around 1 per cent fur-

ther on the kerb. BANGKOK defied the general trend in the region, rising strongly across the board in ective trade following Sat-urday's parliamentary defeat of the opposition's motion of no confidence in the gov-

The SET index ended 15.10 or 1.8 per cent, higher at 868.24 in turnover of Bt7.40hn, the higgest daily trade in four

E.

## Europe offsets declines in US and Japan

	% 0	hange in local	conduct t		Ti grange † pubute	% change in US 5 t
	1 Work	4 Works	1 Year	Start of 1993	Start of	Start of 1985
Austria ,	+2.29	+4.37	•13.01	+6.45	+4.90	+5.7
3elgium	+2.06	-1.01	+3.30	+9.04	+7.57	+8.3
Denmark	+1.90	-2.60	-6.45	+15.30	+15.81	+16.6
Finland	-4.06	-3.66	+49.36	+36.30	+29.82	+30.8
France	+2.68	+3.06	-0.13	+5.41	¥5.96	+6.7
Germany	+2.38	+2.08	-6.38	+9.44	+8.23	+9.0
reland	+0.73	+2.34	+17.54	+30.45	+10.93	+20.8
taly	+0.85	+0.55	+20.73	+25.95	+24.53	+25.4
Netherlands	+2.26	+2.17	10.01	+12.03	+11.21	+12.0
Norway	-2,46	-4.09	-8.38	+10.02	+10.00	+10.8
Spain	-1.10	+1.52	+5.17	+21.13	+10.66	+11.5
Sweden	-1.50	-1.65	+14.88	+10.00	+7.20	+8.0
Switzerland	+1.20	+5.94	+21,91	+12.92	+13.30	+14.1
UK	+1.14	+0.78	+10.71	+2.23	+2.23	+3.0
EUROPE	+1.39	+1.52	+6.84	+7.63	+6.94	+7.7
Australia	-1.08	+1.32	-0.71	+8.35	+8.33	+7.1
Hong Kong	+1.83	+4.21	+20.84	+33.45	+32.68	
Japan	-0 78	+3.14	+24.04	+24.94	+45.98	+47.0
Malaysia	+2.48	+4.98	+49.62	+30.48	+31.76	
New Zealand	-1.70	+4.11	+5.35	+8.17	+13.40	
Singapore	-0.69	+3.08	+12.87	+18.95	+20.32	+213
Canada	-0 64	+0.17	+8.34	+10.47		
USA	-0.72	<b>+1.72</b>	+9.69	+2.55		
Mexico	+0.79	-2.05	-8.73	-12.31	-13.13	-12.
South Africa	-0.47	+0.38	+5.60	+25.48	+31.01	+32.
WORLD INDEX	-0.20	+2.12	+12.56	+10.85	+15.27	+16

#### By John Pitt

markets showed solid gains last week, counteracting negative movements in Finland, Norway, Sweden and Spain. Blsewhere in the world, falls in the US end Japan - the former unnerved all week by unfounded worries regarding a rise in inflation hetped to push the FT-Actu-aries World Index slightly

lower. Commenting on the sitnatton in Europe, Mr Andrew Bell, a strategist et Barclays de Zoete Wedd in London, remains cautious. He believes that, while the underlying feeling is for further rate cuts, the likelihood is that, in the short term, falls will only offset more bad monetary news.

On a 12-month view, he forecasts German interest rates et around 4 per cent; but he sees no alteration from the present "salemi silce" epproach, employing incremental cuts rather than aggressive reduc-This latter point is taken up

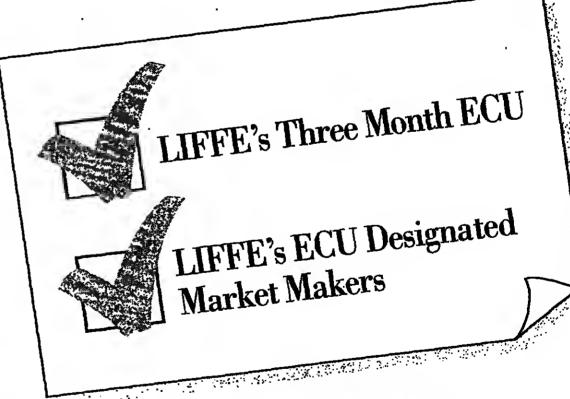
hy the broker UBS, which observes, in its latest global research weekly, that the down short term rates "in such n way as to not under mine its own credibility and that of the D-Mark . . . With inflation remaining well above its medium term objective and fiscal policy out of kilter, an aggressive easing would look like panic".

Spain eased over the week following the re-election of the Socialist government. Goldtors should expect short term underperformance since many market participants had been forecasting e victory for the Partido Popular.

While reducing its short term weighting in Spain, Goldman remains overweight on 2 12-month view, given what it calculates as the market's current 35 to 40 per cent under

valuation. Malaysia featured amoog rising Asian markets on hopes of trade deals with China as Mr Mahathtr Mohamad, the prime minister, prepared to visit Beijing.

## Thanks for the vote of confidence.



We've received two big ticks from investors

over the last year. The first is for the Three Month ECU futures contract itself. From June 1992 to May 1993. open interest is up 180% and volume 140%.

LIFFE's designated market maker scheme for the Three Month ECU contract has also worked very well, and has been one of the major reasons for this spectacular growth, together with LIFFE members' growing The following will continue to oneure liquidity as declarated market makers for the Three Month ECLI:

First Chicago Futures Inc Istituto Bancario San Paolo di Torino S.p.A. Kredietbank N.V.

Midland Futures/Div Midland Bank Plc (acting on behalf of Hong Kong & Shanghai Banking involvement in the contract.

The six major institutions listed below ensure liquidity on request as designated market makers, and are renewing - indeed strengthening - that commitment from today.

For further details on the ECU contract, the designated market maker scheme, the new commitment and a list of members who actively broke the contract, please contact LIFFE's Business Development Department.

**NatWest Futures Limited** (scting on behalf of National Westminster Bank Plc) **UBS Futures & Options Limited** (acting on behalf of Union Bank of Switzerland)



LIFFE, Carnon Bridge, London EC4R 3XX, Tel; 071 623 0444 Fax: 071 248 5884

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

ational and Egional Markets			FRI	DAY JUN	E 11 19	15				THURSON	Y JUNE	10 1993		DOL	LAR MO	EX
igums parenthoses number of lines I stock	US Octor Index	Day's Change	Pound Sterang Index	Yen Index	DM Index	Local Currency Indigs	Local % cng on day	Group Div. Yield	US Dollar India	Pound Sterling Index	Yen Index	DM Index	Local Currency Indip.	1993 High	1993 Low	(abblox) abo Aee.
gytraica (68)	134 04	+0.6	130.27	89.88	113.28	131.10	+0.1	3.82	133.27	130.04	89.47	113.22	131.01	144.19	117.39	149.9
ustra (18)	145.15	+1.3	143.99	99.32	125.20	124.96	+1.2	1.57	145.43	141.90	97.63	123.55	123.49	150.96	131.18	174.8
elgrum (42)	144,40	+0.7	140.34	96.79	122.03	118.12	+0.1	4.80	143.47	139.99	98.31	121.88	118.06	158.78	131.19	143.6
arada (1081	126.30	-0.4	123 33	85.07	107.24	117.62	-0.4	2.80	127.43	124.33	85.54	108.24	118.11	129.97	111.41	128.4
enmark (33)	217.18	+12	211.07	145.59	183.54	183.14	+0.5	1.23	214.62	209,40	144,06	182.12	182.29	225.84	185.11	238.4
miand (231	91.06	+1.7	88.50	61.05	76.95	104.15	+0.2	1.17	89.56	87.38	60.12	76.08	103.94	100.92	65.50	78.7
rance (97)		+1.1	152.71	105.33	132.78	134,45	+0.4	3.34	155.41	151.63	104.32	132.01	133.96	167.36	142.72	
	113,45	+1.0	110.26	76.06	95.87	95.67		2.21	112.32	109.60	75.41					161.4
							+0.5					95.42	35.42	117.10	101.58	124.7
long Kong (55)		+02	287.87	198.56	250.33	293.68	+0.2	3.21	295.73	288,54	198.52	251.24	293.43	301.81	218.82	245.1
eland (15i		+0.1	153.46	109.99	138.66	153.77	-0.6	3.51	183.87	159.89	110.01	139.21	154.71	170,40	129.28	157.
aly (73)	68.85	+03	66.91	46.15	58.16	76.05	-0.4	2.23	68.84	86.98	45.08	58.31	78.39	72.82	53.78	70.
aprin (470)	154, 49	+0 7	150.14	103.56	130.57	103.58	+0.5	0.80	153.48	149.75	103.03	130,40	103.03	154.49	100.75	1027
lalaysia (69)		+0.7	337.37	232.70	293 36	3-13.68	+1.2	1.96	344.74	336.38	231.41	292.85	339.52	347.14	251.86	238.
derico (18)	1442.33	- 1,4	1401.76	966.88	1218.91	4929.61	-1.4	1,37	1482.29	1428,77	981.65	1242.24	5000.24	1725.81	1410.30	1587.
letherland (24)	163.65	•08	164.88	113 72	143.37	140.81	+0.1	3.91	168.25	184,18	112.95	142.93	140.68	172.75	150.39	164.
lew Zentand (131	49.01	+0.9	47.63	32.86	41.42	47.93	-0.1	4.62	48.57	47.39	32.81	41.26	47.93	49.87	40.56	46.
lorway (22)		+1.1	148.33	102.31	128.98	142.26	+0.5	1.85	150.98	147.32	101.38	128.28	141.61	196.21	137.71	
ingapore (35)	258 67	+0.3	251.40	173.41	218.60	191.85	-0.3	1.80	259.54	253.24	174.23	220.48				184.
		-3.6	189.39	131.04	185.20			2.55	194.25				192.41	262.72	207.04	228.
South Africa (60)						197.10	+0.6			189.53	130.40	165.01	195.05	201.01	144.72	243
pan (46)		+1.1	126.36	87.16	109.87	122.58	+0.3	4.87	128.61	125.49	86.34	109.26	122.18	132.82	115.23	154,
weden (36)	178.83	+0.3	173 80	119 88	1\$1,13		-0.7	1.77	178.30	173.97	119.70	151,47	192.09	184,06	149.70	193.
Suntagriand 1531	129 01	+13	125.38	86 49	109 04	115.94	+0.0	1.88	127.37	124,28	85.51	108.22	115.92	129.36	108.91	108.
United Kingdom (219),	177.54	+04	172,54	119.00	150.02	172.54	+0.1	4.03	176.74	172.45	118.54	150.13	172.45	181.59	162.00	193.
JSA (519)	182 64	+0.4	177.50	122.44	154.35	182,64	+0,4	2.80	181.92	177.50	122.13	154,55	181.92	186.27	175.38	186
urcpe (763)	146.55	+0.7	142.43	98.24	123.88	134.38	+0.1	3.31	145.47	141.53	97.65	123.58	134.22	149.02	133.92	153
vorde (1141	166 26	-0.7	161.59	111.46	140.51	157.28	-0.3	1,59	165.11	161.10	110.84	140.26	157.73	171.77	142.13	
ac/5c Baser (713)	157 79	+0.6	153 35	105.78	133.35		+0.5	1.07	156.61	153.00	105.27	133.21	109.80	157.79	105.89	109.
ure-Pacific (1476)	153.08	+0.7	148 76	102 60	129 35		+0.3	1.95	152.04	148.35	102.08	129.15	120.28	153.06		
The 44.7	179.17	+0.4	174.13	12D 12	151.44			2.B1	178.52						117.26	
	444						+0.4			174,19	118.86	151.69	177.57	182,38	171.51	164,
urtpe E v UX (544)		+09	123.6	85.30	107.53			2.83	126.02	122,96	84.62	107.08	112.81	128,66	112.51	130,
acife Ev. Jacob CASt		+0.4	185 42	127.02	161.25			3.13	190.12	185,50	127.65	181.52	175.57	194.08	152.70	171.
Norld Er, US (1662)		-0.6	149.05	102.82	129.61			1.98	152.41	148.71	102.32	129,48	122.28	153.38	118.51	129.
Nortalië - Uk. (1962)	160.65	-O S	156 13	107.70	135.78	138.09	+0.4	2.11	159.78	155,89	107.26	135.74	137.54	181.34	134.22	
WORLD SO A. (2121)		+C S	157.48	103.63	136.95	140.76		2.29	181.17	157.25	108.20	136.93	140.26	182.74	137.29	
World Ex. Japan (1711) .	169.23			112.75	142.19			2.98		183.35	112.40	142.25	181.46	170.05	157.47	
Phy World Index (2181)	162.15	+0.5	157,59	108 70	137.04	141.24	+0.3	2.29	151.28	157.37	108.28	137.02	149.78	162.86		

